



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 14, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

BP America Production Company

P. O. Box 3092

Houston, Texas 77253-3092

Attention: Mary Corley
corleym@bp.com

Administrative Order NSL-904-A (SD)

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on May 24, 2005 (*administrative application reference No. pSEM0-514447801*); and (ii) the Division's records in Aztec and Santa Fe, including the file in Division Administrative Order NSL-904: all concerning BP America Production Company's ("BP") request to include the Basin-Fruitland Coal (Gas) Pool within the provisions of a previously approved Division administrative order and for an exception to the well location requirements [Rule 7 (a) (1)] provided within the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, for the existing Usselman Gas Com. "C" Well No. 1 (API No. 30-045-22223), located 2340 feet from the North line and 875 feet from the West line (Unit E) of Section 4, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

By Division Administrative Order NSL-904, dated December 5, 1977, Amoco Production Company of Denver, Colorado received authorization to drill and complete the above described well within the Blanco-Pictured Cliffs Pool (72359) at an unorthodox gas well location within a standard 159.95-acre gas spacing unit comprising Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 4.

It is the Division's understanding that BP now indents to perforate the Usselman Gas Com. Well No. 1 up-hole into the Fruitland coal gas interval in an attempt to establish gas production.

This well will be an infill coal gas completion within an existing standard 319.80-acre lay-down gas spacing unit comprising Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 4, which unit is currently dedicated to BP's Wood Gas Com. "A" Well No. 1 (API No. 30-045-25820), located at a standard coal gas well location 1155 feet from the North line and 1745 feet from the East line (Lot 2/Unit B) of Section 4.

Your application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*;" and (ii) Division Rules 104.F and 1207.A (2).

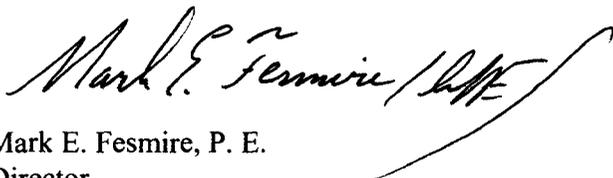
By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described unorthodox infill coal gas well location for BP's existing Usselman Gas Com. "C" Well No. 1 is hereby approved.

BP is further authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both its existing Usselman Gas Com. "C" Well No. 1 and Wood Gas Com. "A" Well No. 1.

Further, Division Administrative Order NSL-904 shall remain in full force and affect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec
Division Administrative Order NSL-904