



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark Fesmire

Director

Oil Conservation Division

November 8, 2005

BP America Production Company
P. O. Box 3092
Houston, Texas 77253-3092

Attention: Cherry Hlava
hlavacl@bp.com

Administrative Order NSL-972-A

Dear Ms. Hlava:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-529147736*) submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 18, 2005; and (ii) the Division's records in Santa Fe and Aztec, including the file on Division Administrative Order NSL-972: all concerning BP America Production Company's ("BP") request for exceptions to the well location requirements provided within both the:

(A) "*Special Rules for the Blanco-Mesaverde Pool,*" as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; and

(B) "*Special Rules for the Basin-Dakota Pool,*" as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002:

BP proposes to drill its Casa "LS" Well No. 9-M at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 535 feet from the North line and 1030 feet from the West line (Unit D) of Section 8, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the W/2 of Section 8, which is currently dedicated to BP's: (i) Casa "LS" Well No. 9 (API No. 30-045-10879), located at a standard gas well location 1680 feet from the South line and 1520 feet from the West line (Unit K) of Section 8; (ii) Casa "B" Well No. 2 (API No. 30-039-10864), located at a standard gas well location 990 feet from the South and West lines (Unit M) of Section 8; and (iii) Casa "B" Well No. 2-A (API No. 30-045-23174), located at an unorthodox infill gas well location (*approved by Division Administrative Order NSL-972, dated August 31, 1978*) 1670 feet from the North line and 1985 feet from the West line (Unit F) of Section 8.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU that also comprises the W/2 of Section 8, which is currently dedicated to BP's above-described Casa "LS" Well No. 9 (API No. 30-045-10879) in Unit "K" of Section 8.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for the above-described Casa "LS" Well No. 9-M is hereby approved. All of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Further, the provisions of Division Order NSL-972 shall remain in full force and affect until further notice.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-972