

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



May 16, 2016

BP America Production Company
Attn: Ms. Toya Colvin

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-7413

BP America Production Company
OGRID 778
Gallegos Canyon Unit 124E No.1H
API No. 30-045-35648

Proposed Location:

| | <u>Footages</u> | <u>Unit</u> | <u>Sec.</u> | <u>Twsp</u> | <u>Range</u> | <u>County</u> |
|-------------------|----------------------|-------------|-------------|-------------|--------------|---------------|
| Surface | 952` FSL & 1902` FWL | N | 35 | 28N | 12W | San Juan |
| Penetration Point | 951` FSL & 1572` FWL | N | 35 | 28N | 12W | San Juan |
| Final perforation | 929` FSL & 330` FWL | M | 34 | 28N | 12W | San Juan |
| Terminus | 929` FSL & 330` FWL | M | 34 | 28N | 12W | San Juan |

Proposed Unit:

| <u>Description</u> | <u>Acres</u> | <u>Pool</u> | <u>Pool Code</u> |
|--------------------|--------------|--------------|------------------|
| S/2 of Section 35 | 320 | Basin Mancos | 97232 |
| S/2 of Section 34 | 320 | Basin Mancos | 97232 |

Reference is made to your application received on April 11, 2016.

You have requested to drill this horizontal well at an unorthodox gas well location described above in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are closer to outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A (2) NMAC.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 (A) 2 NMAC, in all adjoining units towards which the proposed location encroaches.

It is our understanding that BP America is seeking this location to efficiently produce its interest in Section 34.

Pursuant to the authority conferred by Division Rule 9.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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



DAVID R. CATANACH
Director

DRC/lrl

cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management - Farmington