



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 2, 2007

Cherry Hlava
BP America Production Company
WL1-19.132
PO Box 3092
Houston, TX 77253-3092

RE: Ludwick LS Well No. 17N (API No 30-045-NA)
2300 feet from the South Line, 2155 feet from the East line, Unit J (Lot 10)
Section 29, Range 30 North, Township 10 West, NMPM, San Juan County
E/2 of Section 29, 319.62 Acre Dedication

Administrative Order NSL-5597

Dear Ms. Hlava:

Reference is made to the following:

- (a) your application (administrative application reference No. pCLP0707225874 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 12, 2007, on behalf of BP America Production Company, OGRD 778 ("BP"); and
- (b) the Division's records pertinent to BP's request.

BP proposes to drill the above referenced well at the above referenced unorthodox Dakota and Mesaverde gas well location within Section 29 and requests to produce Dakota and Mesaverde gas from the well within a 319.62-acre, more or less, GPU within the Basin-Dakota Prorated Gas Pool (71599) and the Blanco-Mesaverde Prorated Gas Pool (72319) consisting of the E/2 of Section 29.

This E/2 of Section 29 GPU currently is dedicated to three other Dakota and Mesaverde gas wells and the proposed well in Lot 10 (or Unit J) would be the fourth well in this GPU and the second well in the SE/4 of Section 29.

The Basin-Dakota Prorated Gas Pool is governed by the Special Pool Rules for the Basin-Dakota Gas Pool Division Order No. R-10987-B(2). The Blanco-Mesaverde Prorated Gas Pool is governed by the Special Rules for the Blanco-Mesaverde Pool in Division Order No. R-10987-

A(1). The special rules for both pools require wells to be located no closer than 660 feet from the outer boundary of the GPU.

This well location is un-orthodox because it is located 448 feet from the western boundary of the E/2 of Section 29 GPU. Your application states this well location is preferable in order to reduce the impact on endangered plant species. The adjacent spacing unit to the west has differing ownership and all these affected parties have been notified and no objections have been received.

Division Rule 104F and these Special Pool Rules allow the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of BP has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. In order to protect correlative rights and to protect the environment, the above-described non-standard Dakota and Mesaverde gas well location within the Basin-Dakota Prorated Gas Pool and the Blanco-Mesaverde Prorated Gas Pool is hereby approved.

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

Sincerely,



Mark E. Fesmire, P.E.
Director

MEF/wvjj

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