



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

November 25, 2003

Lori Wrotenbery

Director

Oil Conservation Division

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

Attention: Mary Corley
corleyml@bp.com

Administrative Order NSL-4964

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on November 3, 2003 (*administrative application reference No. pMES0-330758976*); and (ii) the records of the Division in Aztec and Santa Fe: all concerning BP America Production Company's ("BP") request for exceptions to the well location requirements provided within 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.

It is the Division's understanding that BP proposes to recomplete the existing ConocoPhillips Company Arch Rock Well No. 1 (API No. 30-045-30040) at an unorthodox gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 1300 feet from the North line and 2300 feet from the East line (Unit G) of Section 23, 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 comprising the E/2 of Section 23, which is currently dedicated to BP's: (i) Nye "LS" Well No. 1 (API No. 30-045-10591), located at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 23; and (ii) Nye "LS" Well No. 1-A (API No. 30-045-23047), located at a standard infill gas well location 1080 feet from the South line and 1590 feet from the East line (Unit O) of Section 23.

The Arch Rock Well No. 1 is to be an initial Dakota gas well within this same 320-acre stand-up unit.

Our records indicate that Conoco, Inc. initially drilled this well in early 2000 to an approximate total depth of 13,304 feet to test the Wildcat Paradox/Pennsylvanian formation for gas at a standard deep gas well location pursuant to Division Rule 104.C (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, within a standard 640-acre deep gas spacing unit comprising the all of Section 23. The well tested dry and was shut-in.

It is further understood that BP now intends to plug this well back and recomplete up-hole into both the Dakota and Mesaverde formations.

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

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Basin-Dakota/Blanco-Mesaverde gas well location for the above-described Arch Rock Well No. 1 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.

Sincerely,



Lori Wrotenbery
Director

LW/mes

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