



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

BP America Production Company

P. O. Box 3092

Houston, Texas 77253-3092

Attention: Mary Corley
corleyml@bp.com

February 17, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Administrative Order NSL-5003

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 28, 2004 (*administrative application reference No. pLR0-402947674*); and (ii) the Division's records in Santa Fe: all concerning BP America Production Company's ("BP") request for an exception to the well location requirements provided within the "*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, for BP's proposed Florance Well No. 22-B to be drilled at an unorthodox infill gas well location 590 feet from the North line and 1570 feet from the East line (Unit B) of Section 12, Township 29 North, Range 9 West, NMPM, Blanco-Mesaverde Pool (72319), San Juan County, New Mexico.

The Blanco-Mesaverde gas production from this well is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 12, which is currently dedicated to BP's: (i) Florance Well No. 22 (API No. 30-045-08550), located at a standard gas well location 1690 feet from the North line and 900 feet from the East line (Unit H) of Section 12; and (ii) Florance Well No. 22-A (API No. 30-045-22245), located at a standard infill gas well location 670 feet from the South line and 840 feet from the East line (Unit P) of Section 12.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for BP's proposed Florance Well No. 22-B is hereby approved. Further, all three of the aforementioned Florance Wells No. 22, 22-A, and 22-B, and existing 320-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Sincerely,

Lori Wrotenbery
Director

LW/mes

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