



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

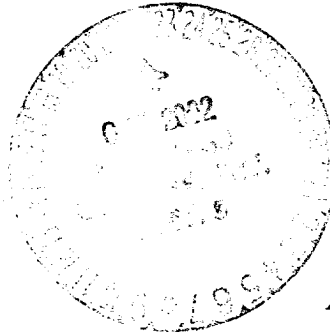
GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 15, 2002

BP America Production Company
P. O. Box 3092
Houston, Texas 77253-3092
Attention: Mary Corley
corleym@bp.com

Telefax No. (281) 366-0700



Administrative Order NSL-4796

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 25, 2002 (*application reference No. pKRV0-226935663*); and (ii) the records of the Division in Aztec and Santa Fe: all concerning BP America Production Company's ("BP") request for an exceptions to the well location requirements provided within the:

(a) 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; and

(b) the "*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,

for BP's proposed Sammons Gas Com. "A" Well No. 1-M (API No. 30-045-31158) to be drilled at an unorthodox gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 805 feet from the South line and 2060 feet from the East line (Unit O) of Section 6, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320.39-acre stand-up gas spacing and proration unit comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 6, which is currently dedicated to BP's: (i) Sammons Gas Com. "A" Well No. 1 (API No. 30-045-11076), located at a standard gas well location 990 feet from the North line and 1650 feet from the East line (Lot 2/Unit B) of Section 6; and (ii) Sammons Gas Com. "A" Well No. 1-A (API No. 30-045-22135), located at a standard infill gas well location 830

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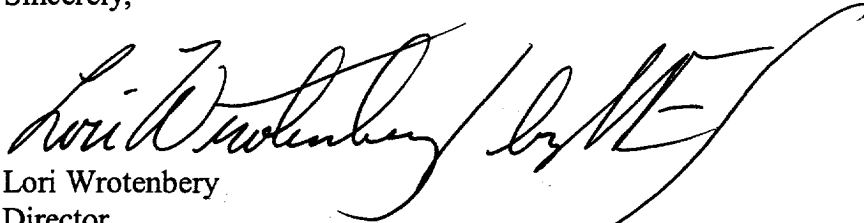
feet from the South line and 1000 feet from the East line (Unit P) of Section 6.

The proposed Sammons Gas Com. "A" Well No. 1-M is to be an initial Dakota gas well within this same 320.39-acre stand-up unit.

The 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 gas well location for the Sammons Gas Com. "A" Well No. 1-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.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery / by ME". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /