



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

May 20, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

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

Attention: Mary Corley
corleym1@bp.com

Administrative Order NSL-100-A

Dear Ms. Corley:

Reference is made to the following: (i) your application (***administrative application reference No. pMES0-414137164***) submitted to the New Mexico Oil Conservation Division ("Division") on April 26, 2004; and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-100, NWU-243, DC-527, and DHC-3263: all concerning BP America Production Company's ("BP") request for an unorthodox gas well location in the Chacra formation for the existing Schwerdtfeger "A-LS" Well No. 9 (API No. 30-045-07037), located 1190 feet from the North line and 654 feet from the East line (Unit A) of Section 31, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico. The NE/4 of Section 31 is to be dedicated to this well in order to form a 160-acre gas spacing unit for the Undesignated Otero-Chacra Pool (82329).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The Division's records indicate that El Paso Natural Gas Company ("El Paso") filed for an unorthodox gas well location for the Blanco-Mesaverde (72319) and South Blanco-Pictured Cliffs (72439) Pools on April 18, 1957 for the above-described Schwerdtfeger "A-LS" Well No. 9. By Administrative Order NSL-100, dated April 19, 1957, the Division authorized approval of this well as an unorthodox Blanco-Mesaverde gas well location within the E/2 equivalent (Lots 6 and 7, the NE/4, and the N/2 SE/4) of Section 31, being a 304.80-acre stand-up gas spacing and proration unit for the Blanco-Mesaverde Pool (which unit was the subject of Division Administrative Order NWU-243, dated December 26, 1957). By Administrative Order DC-527, dated November 14, 1957, the Division confirmed El Paso's earlier request for an unorthodox Pictured Cliffs gas well location by authorizing the Schwerdtfeger "A-LS" Well No. 9 to be dually completed in both the Mesaverde and Pictured Cliffs intervals.

It is the Division's understanding that BP now indents to perforate the Chacra interval and recomplete the well such that gas production from both the Mesaverde and Chacra formations will be downhole commingled (as referenced by Division Administrative Order DHC-3263 dated, May 1, 2004.

The location of this well within the Undesignated Otero-Chacra Pool is also considered to be unorthodox pursuant to Division Rule 104.C (3), as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Chacra gas well location for BP's Schwerdtfeger "A-LS" Well No. 9-A is hereby approved.

Further all provisions of Division Administrative Orders NSL-100, including, by reference the provisions of Division Administrative Order DC-527, shall remain in full force and affect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-2124
DHC-3263