



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

June 9, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Administrative Order NSL-5070

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 1, 2004 (*administrative application reference No. pSEM0-415531720*); 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 "R" Well No. 8-C to be drilled at an unorthodox infill gas well location 2065 feet from the South line and 1670 feet from the West line (Unit K) of Section 14, Township 30 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 lay-down gas spacing and proration unit ("GPU") comprising the S/2 of Section 14, which is currently dedicated to BP's: (i) Florance "R" Well No. 8 (API No. 30-045-09431), located at a standard gas well location 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 14; (ii) Florance "R" Well No. 8-A (API No. 30-045-21789), located at a standard infill gas well location 1450 feet from the South line and 1025 feet from the East line (Unit I) of Section 14; and (iii) Florance "R" Well No. 8-B (API No. 30-045-31963), recently drilled at a standard infill gas well location 1400 feet from the South line and 2275 feet from the East line (Unit J) of Section 14.

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 the proposed Florance "R" Well No. 8-C is hereby approved. Further, all four of the aforementioned Florance "R" Wells No. 8, 8-A, 8-B, and 8-C, 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,

Michael E. Stogner
Engineer/Hearing Officer

MS/ms

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