



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 8, 2004

Mark E. Fesmire, P.E.

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-5107 (BHL)

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 22, 2004 (*administrative application reference No. pSEM0-417535521*); (ii) your e-mail of Thursday, September 2, 2004 checking on the status of your application; and (iii) the Division's records in Santa Fe and Aztec: all concerning BP America Production Company's ("BP") request for exceptions to the well location requirements provided within both 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.

Your application has been duly filed under the provisions of Division Rules 104.F, 111.C (2), and 605.B and the applicable rules governing both pools.

Under the provisions of Division Rules 111.A (7) and 111.C (1), BP received authorization to directionally drill its Ulibarri Gas Com. Well No. 3-N (**API No. 30-045-31205**) from a surface location 2230 feet from the North line and 715 feet from the West line (Unit E) of Section 35, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, to the Blanco-Mesaverde and Basin-Dakota Pools Pool in such a manner (kick-off from vertical to the south and return to vertical) that the resulting subsurface locations in both pools, 1875 feet from the South line and 660 feet from the West line (Unit L) of Section 35, would be "standard" for an infill Mesaverde/Dakota gas well within a standard 320-acre lay-down gas spacing and proration unit ("GPU") comprising the S/2 of Section 35.

From your application and the Division's records, it is our understanding that the actual subsurface locations of this wellbore at the point of "return to vertical" and at bottomhole, are approximately 1915 feet from the South line 592 feet from the West line (Unit L) of Section 35 and 1662 feet from the South line and 560 feet from the West line (Unit L) of Section 35, respectively, which pursuant to the applicable rules governing well locations and spacing within both the Blanco-Mesaverde and Basin-Dakota pools, and Division Rule 111.A (13) are considered to be "unorthodox" within this 320-acre GPU.

By the authority granted me under the provisions of Division Rule 104.F (2), the unorthodox subsurface Basin-Dakota/Blanco-Mesaverde infill gas well location for the above-described Ulibarri Gas Com. Well No. 3-N within the S/2 of Section 35 is hereby approved

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

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