

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



April 24, 2014

BP America Production Company
Attn: Ms. Toya Colvin

ADMINISTRATIVE NON-STANDARD LOCATION AND
NON-STANDARD PRORATION UNIT ORDER

Administrative Order NSL-7050
Administrative Application Reference No. pMAM1406760135

Administrative Order NSP-1979
Administrative Application Reference No. pPMAM1406960348

BP America Production Company
OGRID 778
Gallegos Canyon Unit Well 207E
API No. 30-045-23897

Proposed Location:

<u>Footages</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
950 FNL & 1070 FWL	D	14	28N	12W	San Juan

Proposed Unit:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
SE/4 NE/4 and N/2 N/2 of Section 14	200	Basin Mancos	97232

Reference is made to your application received on March 10, 2014.

You have requested to drill this well at an unorthodox oil well location described above, in the referenced pool or formation. This location is governed by the Special Rules for the Basin Mancos Gas Pool, which provides for 320-acre units with wells to be located at least 660 feet from outer unit boundaries. You have requested a 200-acre non-standard proration unit, and a location less than 660 feet from the outer boundaries of that unit.

Non-Standard Location:

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location for economic reasons. A new well could not be economically feasible to drill for just the Basin Mancos formation. This location would be able to minimize environmental impact in obtaining additional production

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13.B NMAC, the above-described unorthodox location is hereby approved.

Non-Standard Proration Unit:

You have also requested approval of a 200-acre, more or less, non-standard proration unit comprised of the SE/4 NE/4 and N/2 N/2 of Section 14.

It is our understanding that the 120-acre, more or less, spacing and proration unit comprising the SW/4 NE/4 and S/2 NW/4 of section 14, are part of the Pinon Gallup Oil Pool, and should not be part of this application.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12.A(2), in all adjoining units towards which the proposed non-standard proration unit encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

These approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

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

DONE at Santa Fe, New Mexico, on April 24, 2014

Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec
United States Bureau of Land Management - Farmington