



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 15, 2003

Lori Wrotenbery

Director

Oil Conservation Division

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

Attention: Mary Corley
corleym@bp.com

Administrative Order NSL-1656-B

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on September 19, 2003 (*administrative application reference No. pMES0-326536732*); and (ii) the records of the Division in Aztec and Santa Fe, including the files for Division Administrative Orders NSL-1656 and NSL-1656-A: all concerning BP America Production Company's ("BP") request for an exception 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, as amended by Division Order No. R-10987-A (1), dated December 2, 2002; 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.

BP proposes to drill its a. L. Elliott "B" Well No. 6-M at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 265 feet from the North line and 2605 feet from the East line (Unit B) of Section 10, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

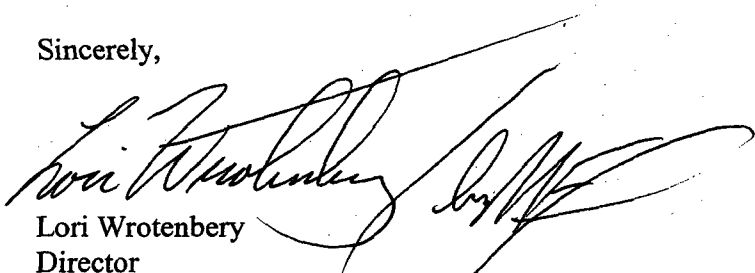
Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre lay-down gas spacing and proration unit comprising the N/2 of Section 10, which is currently dedicated to BP's: (i) A. L. Elliott "B" Well No. 1 (API No. 30-045-08556), located at a standard gas well location 1650 feet from the North line and 1070 feet from the East line (Unit H) of Section 10; and (ii) A. L. Elliott "B" Well No. 1-A (API No. 30-045-22335), located at a standard infill gas well location 1770 feet from the North line and 1850 feet from the West line (Unit F) of Section 10.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre lay-down gas spacing and proration unit that also comprises the N/2 of Section 10 and is currently dedicated to BP's: (i) A. L. Elliott "B" Well No. 6 (API No. 30-045-12170), located at a standard gas well location 1835 feet from the North line and 1520 feet from the East line (Unit G) of Section 10; and (ii) A. L. Elliott "B" Well No. 6-E (API No. 30-045-25716), located at an unorthodox infill gas well location (approved by Division Administrative Orders NSL-1656, dated February 14, 1983) 590 feet from the North line and 650 feet from the West line (Unit D) of Section 10.

This 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 infill gas well location for BP's A. L. Elliott "B" Well No. 6-M is hereby approved. The aforementioned producing 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,



Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-1656
NSL-1656-A