



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

February 12, 2003

Lori Wrotenbery

Director

Oil Conservation Division

BP America Production Company

P. O. Box 3092

Houston, Texas 77253-3092

Attention: Mary Corley

Re: Administrative application for an exception to the well location provisions of the Blanco-Mesaverde and Basin-Dakota Pools for BP America Production Company's proposed Hughes "A" Well No. 3-N to be drilled at an unorthodox infill gas well location within the E/2 of Section 28, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico, being a standard 320acre stand-up gas spacing and proration unit for both zones, 540 feet from the South line and 940 feet from the East line (Unit P) of Section 28.

Dear Mr. Corley:

This letter acknowledges your administrative application dated January 23, 2003 for the above described well to be drilled at an unorthodox infill gas well location in the Basin-Dakota and Blanco-Mesaverde Pools. The Division received your application on January 30, 2003, and assigned it **NMOCD application reference No. pKRV0-303133388**. Please refer to this number in future correspondence with the Division.

My preliminary review indicates that the information provided in your application is not sufficient to process an administrative order at this time. It appears that your application is incomplete with respect to notice. Please refer to Division Rule 1207.A (2), see copy attached. Division Rule 1207.A (2) (a) states:

"In the event the operator of the proposed unorthodox well is also the operator of an existing adjoining spacing unit and ownership is not common between the adjoining spacing unit and the spacing unit containing the proposed unorthodox well, then "affected persons" include all working interest owners in that spacing unit".

According to the information provided BP America Production Company is the operator to the affected offsetting Dakota/Mesaverde unit in the E/2 of Section 33, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. Please identify the working interests within both intervals within this 320-acre unit and provide adequate notice to them or explain why the original notice is sufficient.

Stogner, Michael

From: Corley, Mary L [corleym1@bp.com]
Sent: Friday, February 21, 2003 6:59 AM
To: Michael' 'Stogner (E-mail)
Cc: Frank' 'Chavez (E-mail); Steven Hayden (E-mail)
Subject: NMOCD Application Reference No. pKRV0-303133388

Michael,

Please reference our NSL application for the Hughes A No. 3N well, reference No. pKRV3-3031133388. In our application we indicated that BP was the operator of the affected offsetting tract in Section 33. BP being the operator of record for both the subject well located on the 320 acre tract assigned to the proposed well and the 320 acre affected offsetting tract in Section 33. For clarification I offer the following:

Working interest owners within the 320 acre tract in which the proposed Hughes A # 3N is located are:

Dakota Formation - 50% BP America & 50% Conoco Inc.
Mesaverde Formation - 50% BP America & 50% Conoco Inc.

Working interest owners within the affected offset 320 acre tract in section 33 are:

Dakota Formation - 50% BP America & 50% Conoco Inc.
Mesaverde Formation - 50% BP America & 50% Conoco Inc.

Conoco Inc., was notified of our application on January 23, 2003, via certified mail return receipt. Our letter of January 23, 2003, indicated that all offsetting operators were being notified of our request for an NSL approval. This list included Conoco and Burlington.

Please advise if this is sufficient notification or if additional information or notification is necessary in order to receive approval for our NSL request.

Thank you for your consideration in this matter,
Sincerely,

Mary Corley
Senior Regulatory Analyst
San Juan Performance Unit
281-366-4491