

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

February 3, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Governor
Joanna Prukop
Cabinet Secretary

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

Attention:

Mary Corley corleyml@bp.com

Administrative Order NSL-4992

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 13, 2004 (*administrative application reference No. pMES0-401468745*); 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 E. E. Elliott "A" Well No. 1-C to be drilled at an unorthodox infill gas well location 2125 feet from the South line and 945 feet from the East line (Unit I) of Section 15, 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 Laydown gas spacing and proration unit ("GPU") comprising the S/2 of Section 15, which is currently dedicated to BP's: (i) E. E. Elliott "A" Well No. 1 (API No. 30-045-09471), located at a standard gas well location 1600 feet from the South line and 990 feet from the West line (Unit L) of Section 15; (ii) E. E. Elliott "A" Well No. 1-A (API No. 30-045-22058), located at a standard infill gas well location 1180 feet from the South line and 1480 feet from the East line (Unit O) of Section 15; and (iii) E. E. Elliott "A" Well No. 1-B (API No. 30-045-31005), located at a standard infill gas well location 1650 feet from the South line and 2190 feet from the West line (Unit K) of Section 15.

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 E. E. Elliott "A" Well No. 1-C is hereby approved. Further, all four of the aforementioned E. E. Elliott "A" Wells No. 1, 1-A, 1-B, and 1-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,

Lori Wrotenbery

Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec

U. S. Bureau of Land Management - Farmington