

July 6, 2007

BY HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

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Re: CASE 13750: Application of BP America Production Company to amend Order No. R-12658 to extend the authorized time within which to complete work on wells located in the Areas of Review for injection wells in the Washington "33" State lease Waterflood Project, Eddy County, New Mexico.

Dear Mr. Fesmire:

Division Order No. R-12658, entered on November 7, 2006, in Case No. 13750 authorized BP America Production Company to institute a waterflood project within the Washington "33" State Lease. Bp was authorized to inject water into the Artesia Queen-Grayburg-San Andres Pool (3230) by converting six wells to water injection, resulting in a total of 12 injection wells on this lease, for the purpose of water enhanced oil secondary recovery operations.

This order also provided that certain work should be completed on specific wells within the Areas of Review for these new injection wells within six months of the commencement of injection and further provided that if the required work was not completed on any specific well by that time, then any injection well within 1/2 mile of that well shall be shut-in until the required work is completed to the satisfaction of the Division. (Order Paragraph No.5) The time period for completion of this work will end on July 9, 2007.

BP has completed all required work except for work on the following two wells:

- A. Hanover State Well No. 2 (API No. 30-015-20355). This well is a non-operator well. Negotiations with that operator are proceeding to obtain the necessary rights to perform the required work. It is anticipated that all necessary rights will be obtained and this work will be completed within the next few months.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13969...Exhibit No. 3
Submitted by:
BP AMERICA PRODUCTION CO.
Hearing Date: August 9, 2007

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- B. Empire Abo Unit Well No. 29 (API No. 30-015-01688). Plugging operations are underway on this well and it may be completed within the initial six months authorized by Order No. R-12658.

BP contacted the Division concerning the status of their efforts and the need for an extension of time to complete the work on these wells. Although it was BP's understanding that this order could be amended by administrative order to provide additional time to complete this work, on June 27, 2007, BP was advised that, "Our legal staff have advised this order be amended (in lieu of generating an administrative order) and since the original case was protested albeit without an entry of appearance from the protestant, a brief examiner hearing should be held to consider this amendment request." The next available examiner hearing is August 9, 2007.

On July 5, 2007, BP filed an application to amend Order No. R-12658 to authorize additional time to complete the additional work on these wells. Notice of this application was provided in accordance with Division Rules. A copy of this application is attached.

BP requests that it be authorized to continue injection in all wells in this waterflood project area pending the hearing on this application. To volumes of water injected in this unit to date are insufficient injection to impact offset wells. Approval of this request will enable BP to continue efficient waterflood operations in this unit.

Your consideration of this request is appreciated.

Very truly yours,

William F. Carr

Attorney for BP America Production Company

Enclosure

cc: Rusty Arnold
BP America Production Company