



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

*Case 13969*

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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.



- 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,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr

Attorney for BP America Production Company

Enclosure

cc: Rusty Arnold  
BP America Production Company

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF 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.

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Case 13969  
CASE NO. 13750  
(REOPENED)

APPLICATION

BP America Production Company ("BP") by its undersigned attorneys, Holland & Hart, LLP, hereby seeks the amendment of Order No. R-12658 entered on November 7, 2006, to extend for six months the time authorized therein within which to complete work on specific wells located in the Areas of Review for certain new injection wells in the Washington "33" State Lease Waterflood Project. In support of its application, BP America Production Company states:

1. BP is the designated operator of the Washington "33" State Lease Waterflood Project which was approved by Division Order No. R-12658, entered on November 7, 2006, in Case No. 13750.
2. The Washington "33" State Lease Waterflood Project encompasses 600 acres, more or less, of State of New Mexico lands which is a single oil and gas lease that is comprised of the following acreage:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM,  
EDDY COUNTY, NEW MEXICO

Section 33: S/2, NE/4, S/2 NW/4, NE/4 NW/4

3. Order No. R-12658 authorized BP to institute a lease waterflood project within the Washington "33" State Lease for injection of 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.

4. 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 ½ mile of that well shall be shut-in until the required work is completed to the satisfaction of the Division. Order Paragraph No.

5. 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.

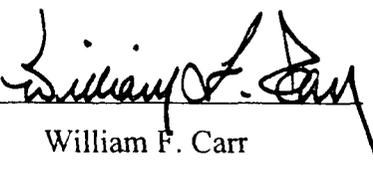
B. Empire Abo Unit Well No. 29 (API No. 30-015-01688). Plugging operations are underway on this well and it may be completed within the initial six months authorized by Order No. R-12658.

6. Approval of this application will enable BP to continue waterflood operations while completing the required remedial work on the last of the wells covered by Order No. R-12658, will not cause the waste of oil and gas, will not impair the correlative rights of any interest owner and is otherwise in the best interest of conservation.

7. Notice of this application has been provided to those parties identified on Exhibit A to this application in accordance with the Rules of the Division.

WHEREFORE, BP America Production Company requests that this application be set for hearing on August 9, 2007 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,  
HOLLAND & HART, LLP

By:   
William F. Carr

ATTORNEYS FOR BP AMERICA  
PRODUCTION COMPANY

**EXHIBIT A**

**APPLICATION OF 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.**

**NOTIFICATION LIST**

**Offset Operators**

Hanson Energy  
R342  
S. Haldeman Road  
Artesia, New Mexico 88210

Marbob Energy  
2208 W. Main Street  
Artesia, New Mexico 88210

Dominion Oklahoma Texas Exploration  
14000 Quail Springs Parkway  
Suit 600  
Oklahoma City, Oklahoma 73134

Devon Energy production Company  
20 North Broadway  
Suite 1500  
Oklahoma City, Oklahoma 73102

Mack Energy Corporation  
11352 Lovington Highway  
Artesia, New Mexico 88210

Melrose Resources  
5813 NW Grand Blvd.  
Suite B  
Oklahoma City, Oklahoma 73118

Edge Petroleum Corporation  
1301 Travis Street  
Suite 2000  
Houston, Texas 77002

SDX Resources Incorporated  
511 W. Ohio Street  
Suite 601  
Midland, Texas 79701

Mewbourne Oil Company  
3901 South Broadway  
Tyler, Texas 75701

Jackie Brewer  
HC-60  
Lovington, New Mexico 88260

**Surface Owners**

Bogle Ltd.  
7331 Cherokee Road  
Dexter, New Mexico 88230

State of New Mexico  
Commissioner of Public Lands  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501