



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

May 25, 2004

Mark Fesmire
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-2124-A

Dear Ms. Corley:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-412167309*) submitted to the New Mexico Oil Conservation Division ("Division") on April 26, 2004; and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-2124, NWU-243, and DHC-1472-AZ: all concerning BP America Production Company's ("BP") request for an unorthodox gas well location in the Chacra formation for the existing Schwerdtfeger "A-LS" Well No. 9-A (API No. 30-045-26636), located 1320 feet from the South line and 520 feet from the East line (Unit I) of Section 31, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico. Lots 6 and 7 and the N/2 SE/4 (SE/4 equivalent) of Section 31 is to be dedicated to this well in order to form a 144.80-acre gas spacing unit for the Undesignated Otero-Chacra Pool (82329).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By Division Administrative Order NSL-2124, dated August 21, 1985, Tenneco Oil Company received authorization to drill to and complete the above-described Schwerdtfeger "A-LS" Well No. 9-A in the Blanco-Mesaverde Pool (72319) at an unorthodox infill gas well location within a 304.80-acre stand-up gas spacing and proration unit comprising Lots 6 and 7, the NE/4, and the N/2 SE/4 (E/2 equivalent) of Section 31, which unit was the subject of Division Administrative Order NWU-243, dated December 26, 1957. According to Division records, BP became the operator of this well on December 31, 2001.

It is the Division's understanding that BP now indents to perforate the Chacra interval and recomplete the well such that gas production from both the Mesaverde and Chacra formations will be downhole commingled (as referenced by Division Administrative Order DHC-1472-AZ issued by the Aztec district office of the Division on April 13, 2004).

The location of this well within the Undesignated Otero-Chacra Pool is also considered to be unorthodox pursuant to Division Rule 104.C (3), as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), as revised, the above-described unorthodox Chacra gas well location for BP's Schwerdtfeger "A-LS" Well No. 9-A is hereby approved.

Further all provisions of Division Order NSL-2124 shall remain in full force and affect until further notice.

Sincerely,



Michael E. Stogner
Engineer/Hearing Officer

MS/mes

cc: New Mexico Oil Conservation Division – Aztec
U. S. Bureau of Land Management – Farmington
File: NSL-2124