



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

September 9, 2004

Mark E. Fesmire, P.E.
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-5108 (BHL)

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 25, 2004 (*administrative application reference No. pSEM0-418047795*); and (ii) the Division's records in Santa Fe and Aztec: all concerning BP America Production Company's ("BP") request for exceptions to the well location requirements provided within both the:

(A) "*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; and

(B) "*Special Rules for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended by Division Orders No. R-10987-B (1), dated August 10, 2000, and R-10987-B (2), dated January 29, 2002.

Your application has been duly filed under the provisions of Division Rules 104.F, 111.B (3) and C (2), and 605.B and the applicable rules governing both pools.

Under the provisions of Division Rules 111.A (7) and 111.C (1), BP received authorization to directionally drill its Gartner "A" Well No. 5-M (API No. 30-045-31171) from a surface location 1940 feet from the South line and 1150 feet from the West line (Unit L) of Section 27, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, to the Blanco-Mesaverde (71599) and Basin-Dakota (72319) Pools Pool in such a manner (kick-off from vertical to the east and return to vertical) that the projected subsurface location in both pools, 1940 feet from the South line and 1980 feet from the West line (Unit K) of Section 27, would be "standard" for an infill Mesaverde/Dakota gas well within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the W/2 of Section 27.

From your application and the Division's records, it is our understanding that the actual bottomhole location at a total depth of 7,496 feet (measured) of this wellbore is 1948 feet from the South line and 2037 feet from the West line (Unit K) of Section 27, which pursuant to the applicable rules governing well locations and spacing within both the Blanco-Mesaverde and Basin-Dakota pools, and Division Rules 111.B (3) and A (13) is considered to be "unorthodox" within this 320-acre GPU.

By the authority granted me under the provisions of Division Rule 104.F (2), the unorthodox subsurface Basin-Dakota/Blanco-Mesaverde infill gas well location for the above-described Gartner "A" Well No. 5-M within the W/2 of Section 27 is hereby approved

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Engineer/Hearing Officer

MS/mes

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