



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

December 27, 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
corleyml@bp.com

Administrative Order NSL-56-B

Dear Ms. Corley:

Reference is made to the following: (i) your application dated December 1, 2004 that was submitted to the New Mexico Oil Conservation Division ("Division") on December 6, 2004 (***administrative application reference No. pSEM0-434247240***); and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-56 and NSL-56-A: all concerning BP America Production Company's ("BP") request for a non-standard Basin-Fruitland coal gas well location for the existing Storey "C" LS Well No. 5 (**API No. 30-045-07018**) located 1973 feet from the North line and 402 feet from the West line (Unit D) of Section 35, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico. Lots 1 and 2, the NW/4, and the N/2 SW/4 (W/2 equivalent) of Section 35 is to be dedicated to this well in order to form a standard 323.65-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (**71629**).

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

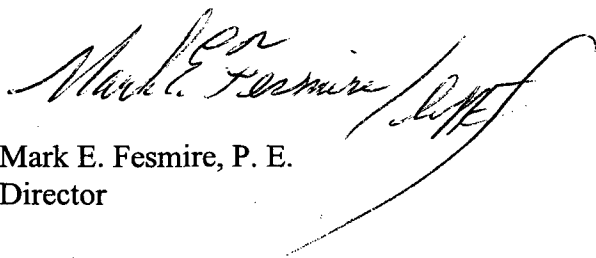
By Division Administrative Order NSL-56-A, dated July 30, 1956, El Paso Natural Gas Company received authorization to drill to and complete the above-described Storey "C" LS Well No. 5, then designated the Storey Well No. 5, in the South Blanco-Pictured Cliffs Pool (**72439**) at an unorthodox gas well location within a standard 160-acre gas spacing unit comprising the NW/4 of Section 35.

It is the Division's understanding that BP now intends to abandon the Pictured Cliffs interval at this time and recomplete up-hole into the Basin-Fruitland Coal (Gas) Pool. However, pursuant to Rule 7 (a) (1) of the Basin Fruitland coal gas special pool rules, the location of this well is also considered to be unorthodox for the subject 323.65-acre stand-up coal gas unit.

By the authority granted me under the applicable provisions of the special pool rules governing the Basin-Fruitland Coal (Gas) Pool and Division Rule 104.F (2), the above-described unorthodox coal gas well location 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 cursive script, reading "Mark E. Fesmire", followed by a large, sweeping flourish that extends downwards and to the right.

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Division Administrative Order NSL-56
Division Administrative Order NSL-56-A