



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 22, 2005

BP America Production Company
P. O. Box 3092
Houston, Texas 77253-3092

Attention: Cherry Hlava
hlavacl@bp.com

Administrative Order NSL-5318

Dear Ms. Hlava:

Reference is made to the following: (i) your application dated November 17, 2005 but was not submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico until December 1, 2005 (***administrative application reference No. pSEM0-533548797***); and (ii) the Division's records in Aztec and Santa Fe: 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:

BP proposes to drill its Case "A" Well No. 4-M at an unorthodox infill gas well location in both the Blanco-Mesaverde (**72319**) and Basin-Dakota (**71599**) Pools 2580 feet from the North line and 2105 feet from the East line (Unit G) of Section 18, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing both pools.

Gas production from the shallower Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit ("GPU") comprising the E/2 of Section 18, which is currently dedicated to BP's: (i) Case "B" Well No. 4 (API No. 30-045-10685), located at a standard gas well location 990 feet from the South line and 1750 feet from the East line (Unit O) of Section 18; and (ii) Case "B" Well No. 4-A (API No. 30-045-23191), located at a standard Mesaverde infill gas well location 1450 feet from the North line and 1175 feet from the East line (Unit H) of Section 18.

Gas production from the deeper Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up GPU also comprising the E/2 of Section 18, which is currently dedicated to BP's: (i) Case "A" Well No. 4 (API No. 30-045-24041), located at a standard gas well location 1680 feet from the South line and 1010 feet from the East line (Unit I) of Section 18; and (ii) Case "A" Well No. 4-E (API No. 30-045-24618), located at a standard infill Dakota gas well location 985 feet from the North line and 1530 feet from the East line (Unit B) of Section 18.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Basin-Dakota/Blanco-Mesaverde infill gas well location for BP's proposed Casa "A" Well No. 4-M is hereby approved. Further, all of the aforementioned wells and both spacing units will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

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