



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 6, 2008

BP America Production Company
Attn: Ms. Cherry Hlava
P.O. Box 3092
Houston, TX 77253-3092

Administrative Order NSL-5796

Re: Gooch Well No. 2
API No. 30-045-23360
Unit G, Section 29-28N-8W
San Juan County

Dear Ms Hlava:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-03928948**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on February 8, 2008, and

(b) the Division's records pertinent to this request.

BP America Production Company (BP) has requested to complete the above-referenced well at an unorthodox Mesaverde and Chacra gas well location, 1850 feet from the North line and 2510 feet from the East line (Unit G) of Section 29, Township 28 North, Range 8 West, N.M.P.M., in San Juan County, New Mexico. The E/2 of Section 29 will be dedicated to this well in the Blanco-Mesaverde Gas Pool (72319) in order to form a standard 320-acre gas spacing and proration unit, and the NE/4 of Section 29 will be dedicated to this well in the Otero-Chacra Gas Pool (82329). Spacing in the Blanco-Mesaverde Gas Pool is governed by Rules I.A and I.C of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as amended by Order No. R-10987-A(1), effective December 2, 2002, which generally provide for 320-acre units, with wells located at least 660 feet from a unit outer boundary. Spacing in the undesignated Otero-Chacra Gas Pool is governed by statewide Rule 104.C(3), which provides for 160-acre units, with wells located at least 660 feet from a unit outer boundary. This location is less than 660 feet from the western unit boundary of the NE/4 of Section 29.



Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location in order to utilize an existing wellbore that is completed at a standard location in another formation.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec
United States Bureau of Land Management - Farmington