



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

February 24, 2003

BP America Production Company
P. O. Box 3092
Houston, Texas 77253-3092
Attention: **Mary Corley**
corleyml@bp.com

Telefax No. (281) 366-0700

Administrative Order NSL-4846

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 30, 2003 (*application reference No. pKRV0-303133388*); (ii) the Division's initial response by letter dated February 12, 2003 from Mr. Michael E. Stogner, Engineer in Santa Fe; (iii) your e-mail response on February 21, 2003 with the necessary information to complete this application; and (iv) the records of the Division in Aztec and Santa Fe: all concerning BP America Production Company's ("BP") request for an exceptions to the well location requirements provided within the:

(a) the "*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) the "*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 Hughes "A" Well No. 3-N at an unorthodox infill gas well location in both the Blanco-Mesaverde (72319) and Basin-Dakota (71599) Pools 540 feet from the South line and 940 feet from the East line (Unit P) of Section 28, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico.

Gas production from the Blanco-Mesaverde Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit comprising the E/2 of Section 28, which is currently dedicated to BP's: (i) Hughes "C" Well No. 5 (API No. 30-045-07858), located at a

standard gas well location 1650 feet from the North line and 790 feet from the East line (Unit H) of Section 28; and (ii) Hughes "C" Well No. 5-A (API No. 30-045-22886), located at a standard infill gas well location 1825 feet from the South line and 790 feet from the East line (Unit I) of Section 28.

Gas production from the Basin-Dakota Pool is to be included within an existing standard 320-acre stand-up gas spacing and proration unit that also comprises the E/2 of Section 28 and is currently dedicated to BP's: (i) Hughes "A" Well No. 3 (API No. 30-045-23515), which is at a location now considered to be standard but unorthodox at the time it was drilled (spud-date, August 28, 1979) 2170 feet from the North line and 730 feet from the East line (Unit H) of Section 28 (see Division Administrative Order NSL-1034, dated May 21, 1979); and (ii) Hughes "A" Well No. 3-E (API No. 30-045-25285), located at an unorthodox infill gas well location (approved by Division Administrative Orders NSL-1394, dated August 17, 1981, and NSL-1439, dated October 27, 1981) 1635 feet from the South line and 540 feet from the East line (Unit I) of Section 28.

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

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 the Hughes "A" Well No. 3-N is hereby approved. The aforementioned producing 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,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-1439
NSL-1394
NSL-1034