



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

February 18, 2004

Lori Wrotenbery

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-1053-A

Dear Ms. Corley:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on January 29, 2004 (*administrative application reference No. pLR0-402949228*); (ii) the Division's initial response by e-mail from Mr. Michael E. Stogner, Hearing Officer/Engineer with the Division in Santa Fe, requesting additional information; (iii) your reply to Mr. Stogner by e-mail on Friday, February 6, 2004; and (iv) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-1053, NWU-352, and NSL-830, as amended, and Division Cases No. 236, 258, 300, 606 and 4032: all concerning BP America Production Company's ("BP") request for an exception to the well location requirements provided within 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, for BP's existing Archuleta Well No. 2 (**API No. 30-045-23607**), to be redesignated the Archuleta Well No. 1-C, located 450 feet from the North line and 850 feet from the West line (Unit C) of Irregular Section 19, Township 30 North, Range 8 West, NMPM, Blanco-Mesaverde Pool (**72319**), San Juan County, New Mexico.

It is the Division's understanding that Tenneco Oil Company drilled the above-described Archuleta Well No. 2 to a total depth of 3,148 feet in 1979 and completed this well in the Blanco-Pictured Cliffs Pool (**72359**) at an unorthodox gas well location (approved by Division Administrative Order NSL-1053, dated July 9, 1979) within a non-standard 169.64-acre gas spacing unit comprising Lots 1, 2, and 8, the E/2 NW/4, and the NE/4 SW/4 of Irregular Section 19 (approved by Division Order No. R-3669, issued in Case No. 4032 on January 30, 1969).

It is further understood that BP now indents to recomplete the Archuleta Well No. 2 by plugging-off and abandoning the Pictured Cliffs interval, and deepening the wellbore down to the Mesaverde formation.

The Blanco-Mesaverde gas production from this well is to be included within an existing non-standard 342.54-acre stand-up gas spacing and proration unit ("GPU") comprising Lots 1, 2, 8, and 9 and the E/2 W/2 (W/2 equivalent) of Irregular Section 19 and Lots 2 and 6 and the E/2 NW/4 (NW/4 equivalent) of Irregular Section 30, both in Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico [approved by: (i) Division Order No. R-35, issued in Case No. 236 on December 1, 1950; (ii) Division Order No. R-60, issued in Case No. 258 on March 21, 1951; (iii) Division Order No. R-120, issued in Case No. 300 on January 8, 1952; (iv) Division Order No. R-392, issued in Case No. 606 on November 24, 1953; and (v) Division Administrative Order NWU-352, dated April 20, 1960], which GPU is currently dedicated to BP's: (i)

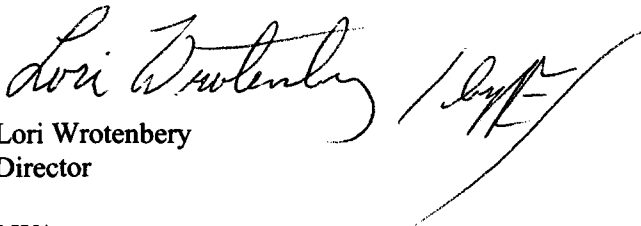
Archuleta Well No. 1 (API No. 30-045-09279), located at a standard gas well location 1000 feet from the South line and 1080 feet from the West line (Unit N) of Irregular Section 19; (ii) Archuleta Well No. 1-A (API No. 30-045-22567), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-830, dated March 28, 1977, as amended by order dated June 13, 1977) 2134 feet from the North line and 1640 feet from the West line (Unit F) of Irregular Section 19; and (iii) Archuleta Well No. 1-B (API No. 30-045-29261), located at a standard infill gas well location 980 feet from the North line and 1230 feet from the West line (Unit C) of Irregular Section 30.

This application has been duly filed under the provisions of Division Rules 104.F and 605.B and the applicable rules governing the Blanco-Mesaverde Pool.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Blanco-Mesaverde infill gas well location for the existing Archuleta Well No. 2 (API No. 30-045-23607), to be redesignated the Archuleta Well No. 1-C, is hereby approved. Further, all four of the aforementioned Archuleta Wells No. 1, 1-A, 1-B, and 1-C, and existing non-standard 342.54-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico and to the Blanco-Mesaverde Pool.

Furthermore, Division Administrative Order NSL-1053 and only the provisions that approved the aforementioned 169.64-acre non-standard Pictured Cliffs gas spacing unit on Page 4 in Division Order No. R-3669 in Case No. 4032 shall be placed in abeyance until further notice.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: Division Administrative Order NSL-1053
Division Administrative Order NWU-352
Division Case No. 236
Division Case No. 258
Division Case No. 300
Division Case No. 606
Division Case No. 4032