

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13457
ORDER NO. R-12363**

**APPLICATION OF BP AMERICA PRODUCTION COMPANY FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 7, 2005 at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 6th day of June, 2005, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) BP America Production Company ("Applicant") seeks an order pooling all uncommitted owners of record title interests from the base of the Abo formation to the base of the Morrow formation underlying the S/2 of Section 28, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, in the following manner:

The S/2, forming a standard 320-acre gas spacing and proration unit (the 320-acre "Unit") for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to the Undesignated West Vacuum-Atoka Gas Pool, and the Vacuum-Morrow Gas Pool.

(3) The above-described unit (the Unit) is to be dedicated to Applicant's Sunflower 28 State Well No. 1 (API No. 30-025-36695), already drilled at a standard location within the NE/4 SE/4 (Unit I), Section 28, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests or interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(5) Applicant is an owner of an oil and gas working interest within the Unit.

(6) Applicant should be designated the operator of the well and of the Unit.

(7) All of the working and revenue interests in the Unit have been voluntarily pooled. However, there are owners of record title to State oil and gas leases in the Unit that have not agreed to pool their interests.

(8) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, within the Unit.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of BP America Production Company, all uncommitted owners of record title interests from the base of the Abo formation to the base of the Morrow formation underlying the S/2 of Section 28, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, are hereby pooled, as follows:

The S/2, forming a standard 320-acre gas spacing and proration unit (the 320-acre "Unit") for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to the Undesignated West Vacuum-Atoka Gas Pool, and the Vacuum-Morrow Gas Pool.

(2) The above-described unit (the Unit) shall be dedicated to Applicant's Sunflower 28 State Well No. 1 (API No. 30-025-36695), drilled at a standard location within the NE/4 SE/4 (Unit I) of Section 28.

(3) Applicant is hereby designated the operator of the well and of the Unit.

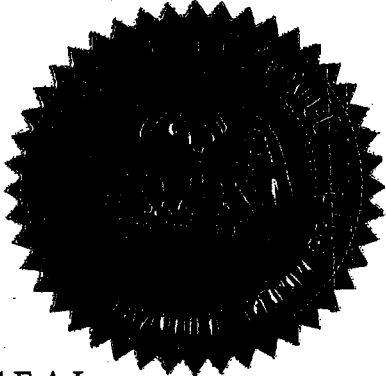
(4) Upon final plugging and abandonment of the Sunflower 28 State Well No. 1, the pooled Unit created by this Order shall terminate, unless this order has been amended to authorize further operations.

(5) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(6) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director