



APPLICATION FOR EXCEPTION TO WELL DENSITY  
REQUIREMENTS OF BLANCO MESAVERDE POOL  
HUGHES 7 WELL  
E/2 SECTION 19, T29N-R8W  
SAN JUAN COUNTY, EW MEXICO

BP AMERICA PRODUCTION COMPANY

NEW MEXICO OIL CONSERVATION DIVISION  
CASE NUMBER 13613  
FEBRUARY 2, 2006

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13612/13613/13614 Exhibit No. 2  
Submitted by:  
BP AMERICA, INC.  
Hearing Date: February 2, 2006

Hughes

HOLLAND & HART LLP



William F. Carr  
wcarr@hollandhart.com

December 6, 2005

**HAND-DELIVERED**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

Re: Application of BP America, Inc. for an exception to the well density requirements of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of BP America, Inc. in the above-referenced case as well as a copy of a legal advertisement. BP requests that this application be placed on the docket for the January 5, 2006 examiner hearings.

Very truly yours,

William F. Carr  
Attorney for BP America, Inc.

Enclosures

cc: Bill Hawkins (w/ enclosures)  
BP America, Inc.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

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

**IN THE MATTER OF THE APPLICATION OF BP AMERICA PRODUCTION  
COMPANY, FOR AN EXCEPTION TO THE WELL DENSITY REQUIREMENTS FOR  
THE BLANCO-MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW MEXICO.**

2005 DEC 29 PM 4:29

CASE NO. \_\_\_\_\_

**APPLICATION**

BP America Production Company, (BP), through its undersigned attorneys, hereby makes application for an order granting an exception to the well density requirements of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to simultaneously produce three wells in a quarter section and in support of its application states:

1. BP is the operator of a standard 320-acre spacing and proration unit in the Blanco-Mesaverde Gas Pool comprised of the E/2 of Section 19, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico.

2. The Blanco-Mesaverde Gas Pool is governed by Special Rules and Regulations which provide for 320-acre spacing and proration units on which as many as four wells may be drilled. (Order No. R-8170, as superseded by Order No. R-10987-A, effective February 1, 1999 and amended by Order No. R-10981-A(1), effective December 2, 2002). These Special Pool Rules and Regulations provide:

**II. ACREAGE AND WELL LOCATION REQUIREMENTS**

A. Standard GPU (Gas Proration Unit): A Standard GPU in the Blanco Mesaverde Pool shall be 320-acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

B. Well density:

(1) Up to four (4) wells may be drilled on a standard GPU, as follows:

- (a) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Mesaverde well;
- (b) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter-quarter not containing a Mesaverde Well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;
- (c) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section of the GPU not containing a Mesaverde well and within a quarter section of the GPU not containing more than one (1) Mesaverde well;
- (d) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;
- (e) no more than two wells shall be located within either quarter section in a GPU, and
- (f) any deviation from the above-described well density requirements shall be authorized only after hearing....

3. In the 1952, the Hughes B Well No. 2 (**API No. 30-045-08089**) was drilled at a location 990 feet from the North line and 800 feet from the East line (Unit A) of Section 19, Township 29 North, Range 8 West, NMPM, and produced from the Mesaverde formation, Blanco-Mesaverde Gas Pool.

4. The Hughes B Well No. 2A (**API No. 30-045-22716**) was drilled in 1978 at a location 875 from the South line and 1610 feet from the East line (Unit O) of said section. This well was the first infill well drilled on this spacing unit.

5. The Hughes No. 7 Well (**API No. 30-045-24032**) was drilled in 1980 at a location 875 feet from the South line and 945 feet from the East line (Unit P) of said section to test the Dakota formation, Basin-Dakota Gas Pool. The Dakota formation was plugged and abandoned in 2000 and recompleted to the Mesaverde formation but did not produce. This well was the second infill well on this spacing unit. Following a demand from the BLM that the well

be returned to production, the well was restored to production in the Mesaverde formation in 2002. The well has been shut in since April 2005.

6. The Hughes B Well No. 2B (API No. 30-045-30937) was permitted in 2001 and drilled in 2002 as a directional well during the time the Hughes Well No. 7 was not producing from a surface location 895 feet from the South line and 945 feet from the East line (Unit P) with a bottomhole location 2350 feet from the South line and 1800 feet from the East line (Unit J) of said Section 19. The entire producing interval in the well is located in Unit J. This was the third infill well on this spacing unit.

7. The objective formation in each of the above-described wells is the Blanco-Mesaverde Gas Pool and each well was permitted and drilled as a Mesaverde test.

8. While the total number of wells on this Mesaverde GPU is allowed under the Special Pool Rules and Regulations for the Blanco-Mesaverde Gas Pool, the Hughes B Well No. 2A, the Hughes B Well No. 2B, and the Hughes Well No. 7 are located in the same quarter-quarter section.

9. BP therefore requests that the Division enter its order granting an exception to the well density requirements of Rule I B. of the Special Pool Rules and Regulations for the Blanco-Mesaverde Gas Pool approving the location of the Hughes Well No. 7 in the Mesaverde formation and authorizing BP to simultaneously produce the Hughes B well Nos. 2A and 2B and the Hughes Well No. 7 located in the SE/4 of said Section 19. At full development of the GPU, BP will operate no more than four wells in this 320-acre GPU. BP therefore does not seek to increase the number of wells in this GPU.

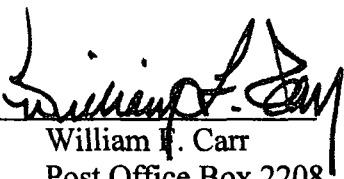
10. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool, and will afford BP the opportunity to utilize the existing wells to produce the reserves from this GPU.

11. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, BP America Production Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2006 and after notice and hearing as required by law, the Division enter its order granting an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool approving location of the Hughes Well No. 7 in the Mesaverde formation and authorizing BP to simultaneously produce the Hughes B Well Nos. 2A and 2B and the Hughes Well no. 7 located in the SE/4 of Section 19, Township 29 North, Range 8 West, NMPM.

Respectfully submitted,

HOLLAND & HART LLP

By:   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR BP AMERICA  
PRODUCTION COMPANY

**EXHIBIT A**

**APPLICATION OF  
BP AMERICA PRODUCTION COMPANY,  
FOR AN EXCEPTION TO THE WELL  
DENSITY REQUIREMENTS FOR THE  
BLANCO-MESAVERDE GAS POOL,  
SAN JUAN COUNTY, NEW MEXICO.**

**NOTIFICATION LIST**

Burlington Resources Oil & Gas Company  
Post Office Box 4289  
Farmington, New Mexico 87499

ConocoPhillips  
Three WestLake Park, WL 3003  
Post Office Box 2197  
Houston, Texas 77252

CASE \_\_\_\_\_:

**Application of BP America, Inc. for an exception to the well density requirements for the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico.** Applicant in the above-styled cause seeks an exception to the well density requirements of Rule I.B of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to permit it to produce the following three Mesaverde wells located in the same quarter section (SE/4) on a standard spacing and proration unit comprised of the East half of Section 19, Township 29 North, Range 8 West, NMPM:

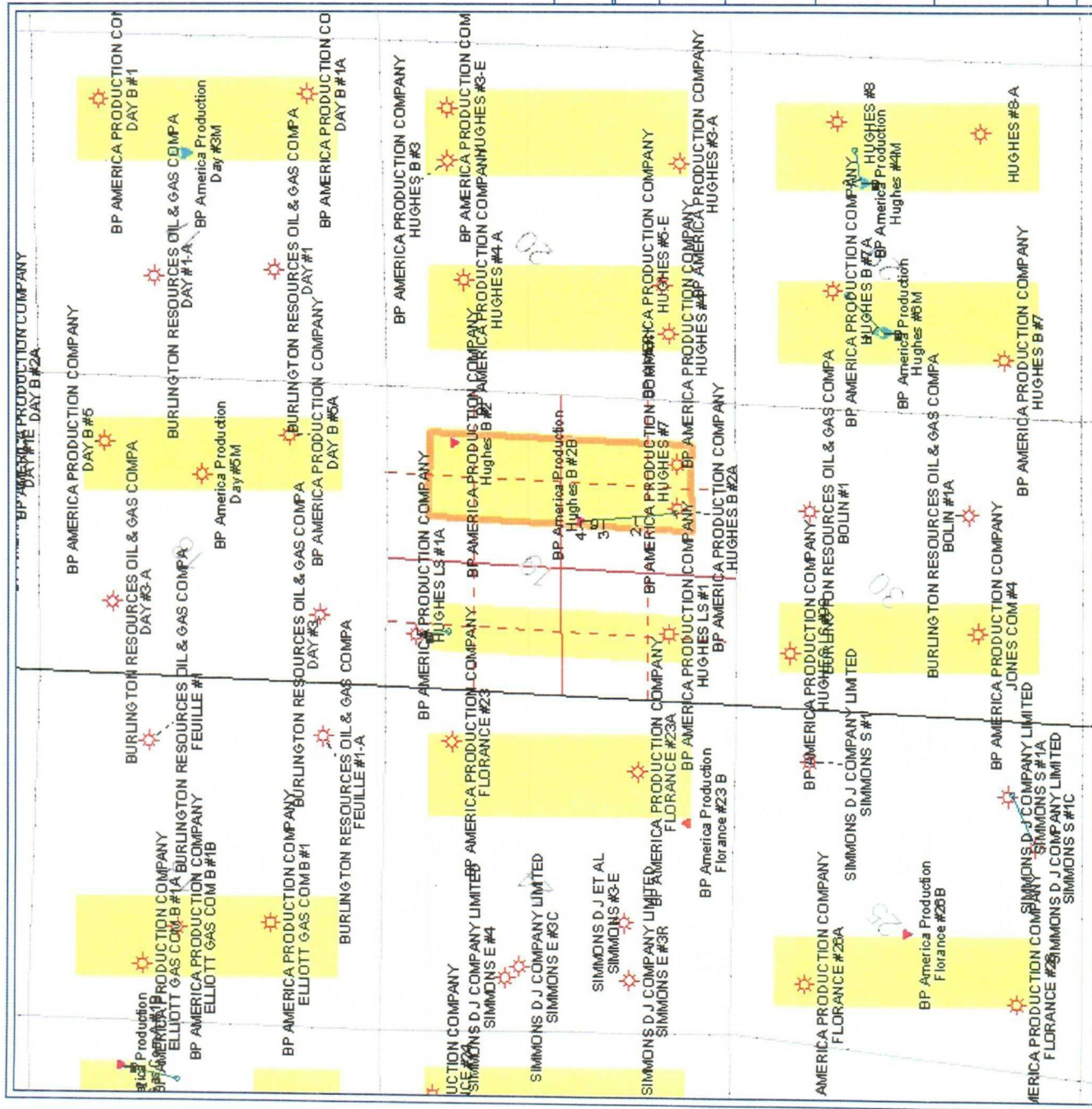
the Hughes B Well No. 2A (API No. 30-045-22716) located 875 feet from the South line and 1610 feet from the East line (Unit O) of said section;

the Hughes No. 7 Well (API No. 30-045-24032) located 875 feet from the South line and 945 feet from the East line (Unit P) of said section; and

the Hughes B Well No. 2B (API No. 30-045-30937) which was directionally drilled from at a surface location 895 feet from the South line and 1650 feet from the East line (Unit O) with a bottomhole location 2350 feet from the South line and 1800 feet from the East line (Unit J) of said section.

Said wells are located approximately 5 miles southwest of Navajo City, New Mexico.





# Blanco Field

Hughes B #2B

Section 19 T-29N R-8W

Regional Map



## POSTED WELL DATA

Operator  
Well Label

- WELL SYMBOLS**
- M&DK low cost wells
  - Gas Well
  - M&RD HC sample
  - Comingled HC sample

By: G&Z

August 12, 2005



## Blanco Field

Hughes B #2B

Section 19 T-29N R-8W

Detail Map



### POSTED WELL DATA



WELL SYMBOLS

Gas Well

MVRD HC sample

By: G/GZ

August 12, 2005

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

<b>SUBMIT IN TRIPLICATE - Other instructions on reverse side.</b>		5. Lease Serial No. NMSF078046
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
2. Name of Operator BP AMERICA PRODUCTION CO		7. If Unit or CA/Agreement, Name and/or No.
Contact: MARY CORLEY E-Mail: corleyml@bp.com		8. Well Name and No. HUGHES LS 7
3a. Address P. O. BOX 3092 HOUSTON, TX 77253	3b. Phone No. (include area code) Ph: 281.366.4491 Fx: 281.366.0700	9. API Well No. 30-045-24032-00-S2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 19 T29N R8W SESE 0875FSL 0945FEL 36.70601 N Lat, 107.71079 W Lon		10. Field and Pool, or Exploratory BASIN DAKOTA
		11. County or Parish, and State SAN JUAN COUNTY, NM

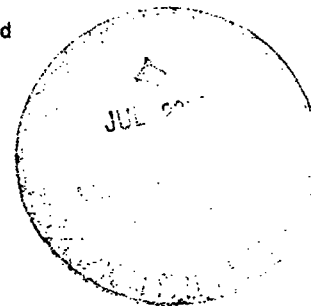
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Please reference telephone conversation on May 17, 2002, between representatives of BP America and Steve Mason, BLM and Charlie Perrin, NMOCD, regarding bringing various inactive wells into compliance.

The subject well which was non-producing in the Dakota was recompleat into the Blanco Mesaverde formation on 11/16/2000. The recompleat, however, did not establish production in the Mesaverde and therefore, remained shutin. Verbal permission was granted to temporarily abandon the well (i.e. pressure test for casing integrity) in order to bring well into compliance and hold for possible production stimulation in the current zone or recompleat uphole. If the casing integrity test fails we will proceed immediately to either repair casing or file a request to plug and abandonment the wellbore. After final review, if no future potential exists in the wellbore we will proceed to file for permission plug and abandon.



14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #11948 verified by the BLM Well Information System For BP AMERICA PRODUCTION CO, sent to the Farmington Committed to AFMSS for processing by Steve Mason on 06/27/2002 (02SXM0314SE)	
Name (Printed/Typed) MARY CORLEY	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 06/11/2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By STEPHEN MASON	Title PETROLEUM ENGINEER	Date 06/27/2002
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\* REVISED \*\*

NMOCD

(R) - BLM Record

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF - 078046
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator AMOCO PRODUCTION COMPANY Contact: MARY CORLEY E-Mail: corley.m@bp.com		7. If Unit or CA Agreement, Name and No.
3a. Address P.O. BOX 3092 HOUSTON, TX 77253		8. Lease Name and Well No. HUGHES B 28
3b. Phone No. (include area code) Ph: 281.366.4491 Fx: 281.366.0700		9. API Well No. 30-045-30937
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSE Lot O 895FSL 1660FEL 36.47400 N Lat, 107.42800 W Lon At proposed prod. zone NWNE Lot J 2350FSL 1800FEL 36.47400 N Lat, 107.42800 W Lon		10. Field and Pool, or Exploratory BASIN DAKOTA/BLANCO MESAVER
11. Distance in miles and direction from nearest town or post office* 20 MILES FROM BLOOMFIELD, NM		11. Sec., T., R., M., or Blk. and Survey or Area 0 Sec 19 T29N R8W Mer NMP
12. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 895' FSL		12. County or Parish SAN JUAN
13. No. of Acres in Lease 320.00		13. State NM
14. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.		17. Spacing Unit dedicated to this well 320.00 E/2
15. Proposed Depth 8037 MD 7724 TVD		20. BLM/BIA Bond No. on file
16. Elevations (Show whether DF, KB, RT, GL, etc.) 6480 GL		21. Estimated duration
17. Approximate date work will start 05/01/2002		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature (Electronic Submission)	Name (Printed/Typed) MARY CORLEY	Date 11/29/2001
Title AUTHORIZED REPRESENTATIVE		
Approved by (Signature) <i>[Signature]</i>	Name (Printed/Typed)	Date 1/29/02
Title AFM	Office FTD	

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Additional Operator Remarks (see next page)

Electronic Submission #9448 verified by the BLM Well Information System  
For AMOCO PRODUCTION COMPANY, sent to the Farmington  
Committed to AFMSS for processing by Maurice Johnson on 11/30/2001 ()

This document is subject to technical and  
procedural review pursuant to 43 CFR 3185.3  
and appeal pursuant to 43 CFR 3185.4.

FOR REVIEW BY BLM  
IN ACCORDANCE WITH ATTACHED  
"GENERAL REQUIREMENTS"

**\*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\***  
HOLD 0104 FOR *Directional Survey*

AMOCO

*[Handwritten mark]*

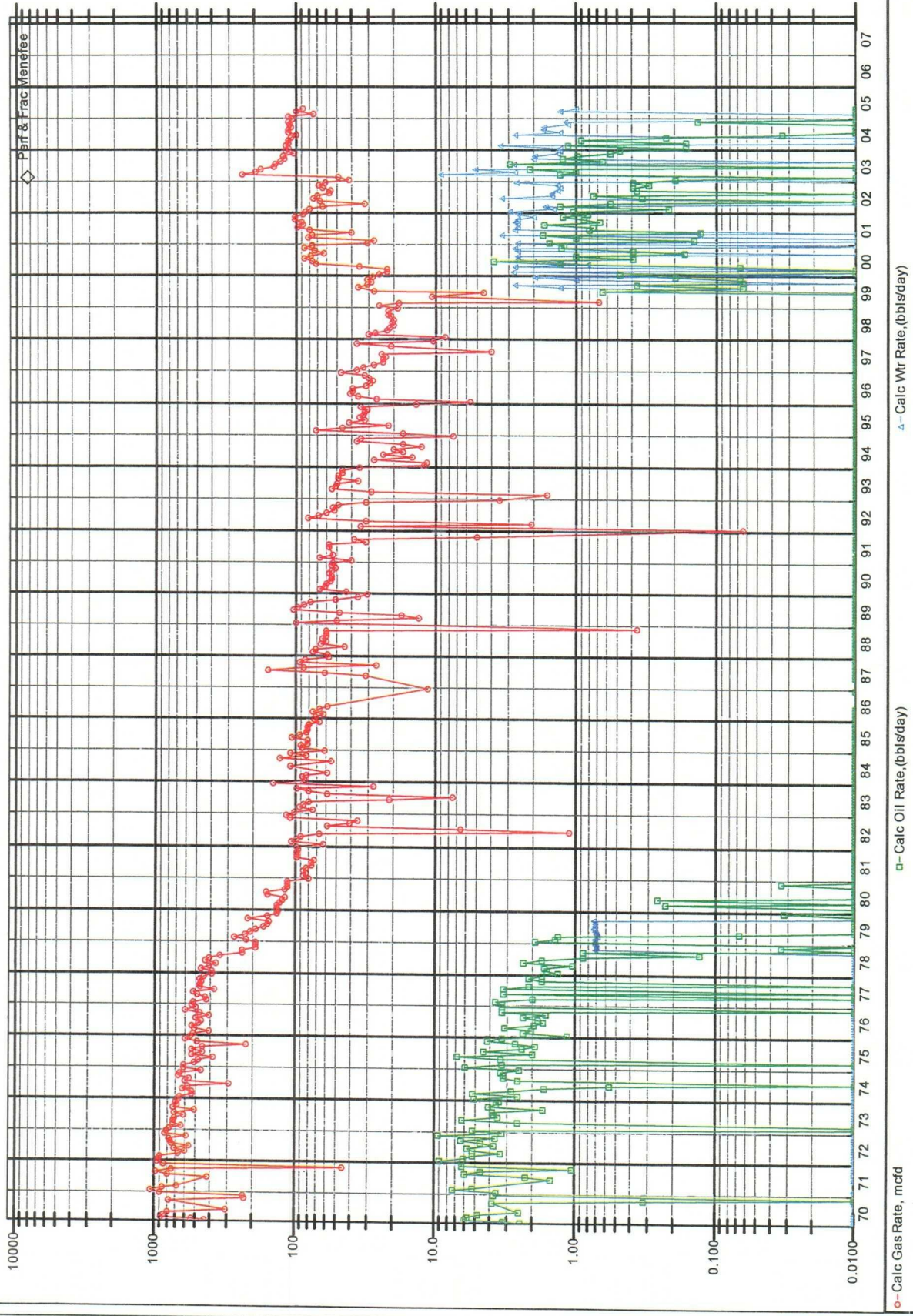


# HUGHES B 2

API:30045080900  
 SECT:19 TWN:29 RNG:8  
 WELL:HUGHES J F 2  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:14426  
 SPUD Date:4/4/1952  
 Comp. Date:5/25/1952

HORIZON:604MVRD  
 Cum Gas (mmcf):4721.757  
 Cum Oil (mbbls):10.939  
 Cum Water (mbbls):3.634



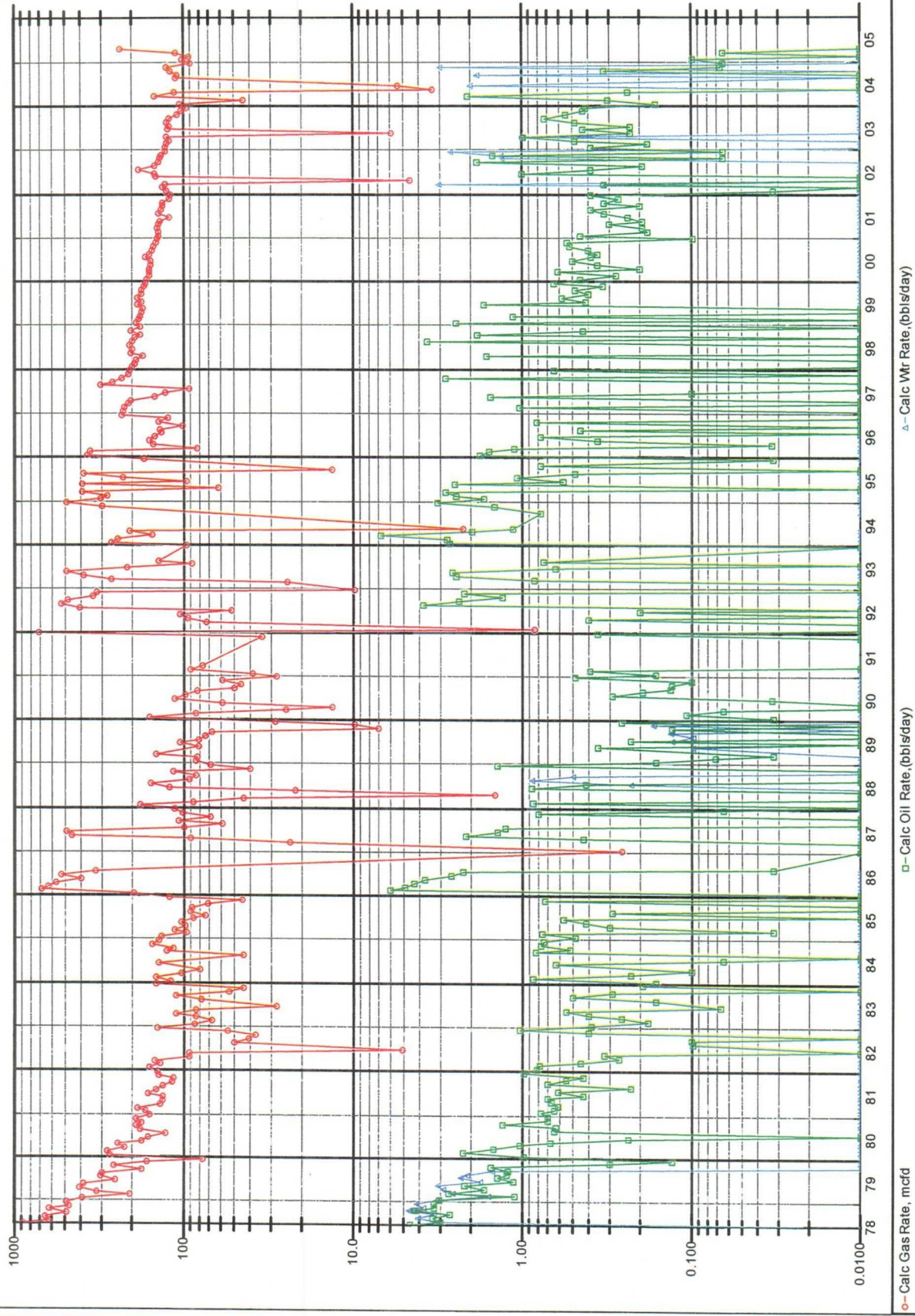


# HUGHES LS 2A

API:30045271600  
 SECT:19 TWN:29 RNG:8  
 WELL:HUGHES LS 2A  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:19922  
 SPUD Date:3/22/1978  
 Comp. Date:10/22/1985

HORIZON:604MVRD  
 Cum Gas (mmcf):1498.358  
 Cum Oil (mbbls):6.520  
 Cum Water (mbbls):1.917



△ - Calc Wtr Rate, (bbls/day)

□ - Calc Oil Rate, (bbls/day)

○ - Calc Gas Rate, mmd

VS Time

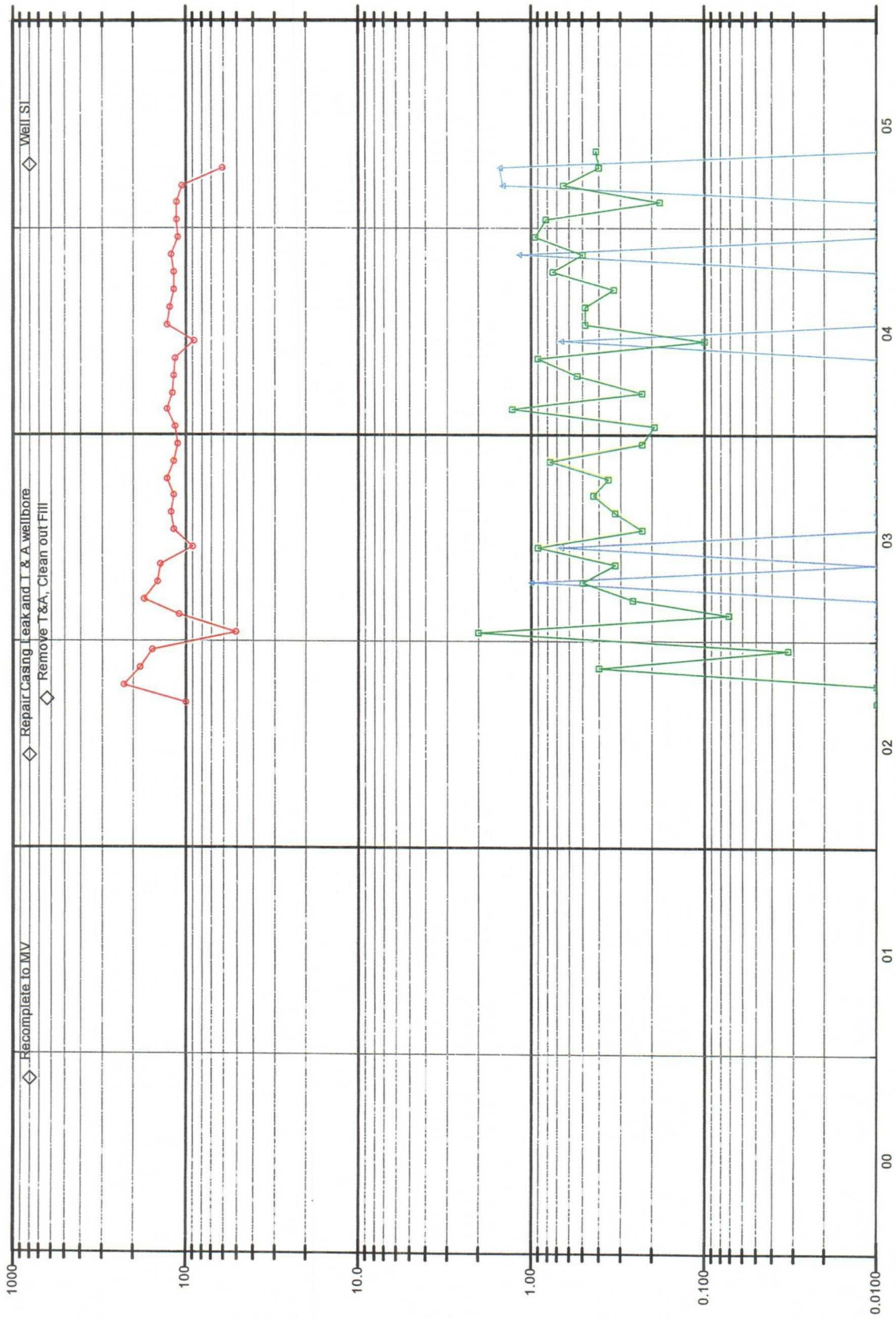


# HUGHES 7

API:300452403200  
 SECT:19 TVN:29 RNG:8  
 WELL:HUGHES 7  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

PDEN:590668  
 SPUD Date: 11/16/2000  
 Comp. Date: 11/16/2000

HORIZON:604MVRD  
 Cum Gas (mmcf):117.747  
 Cum Oil (mbbls):0.487  
 Cum Water (mbbls):0.195





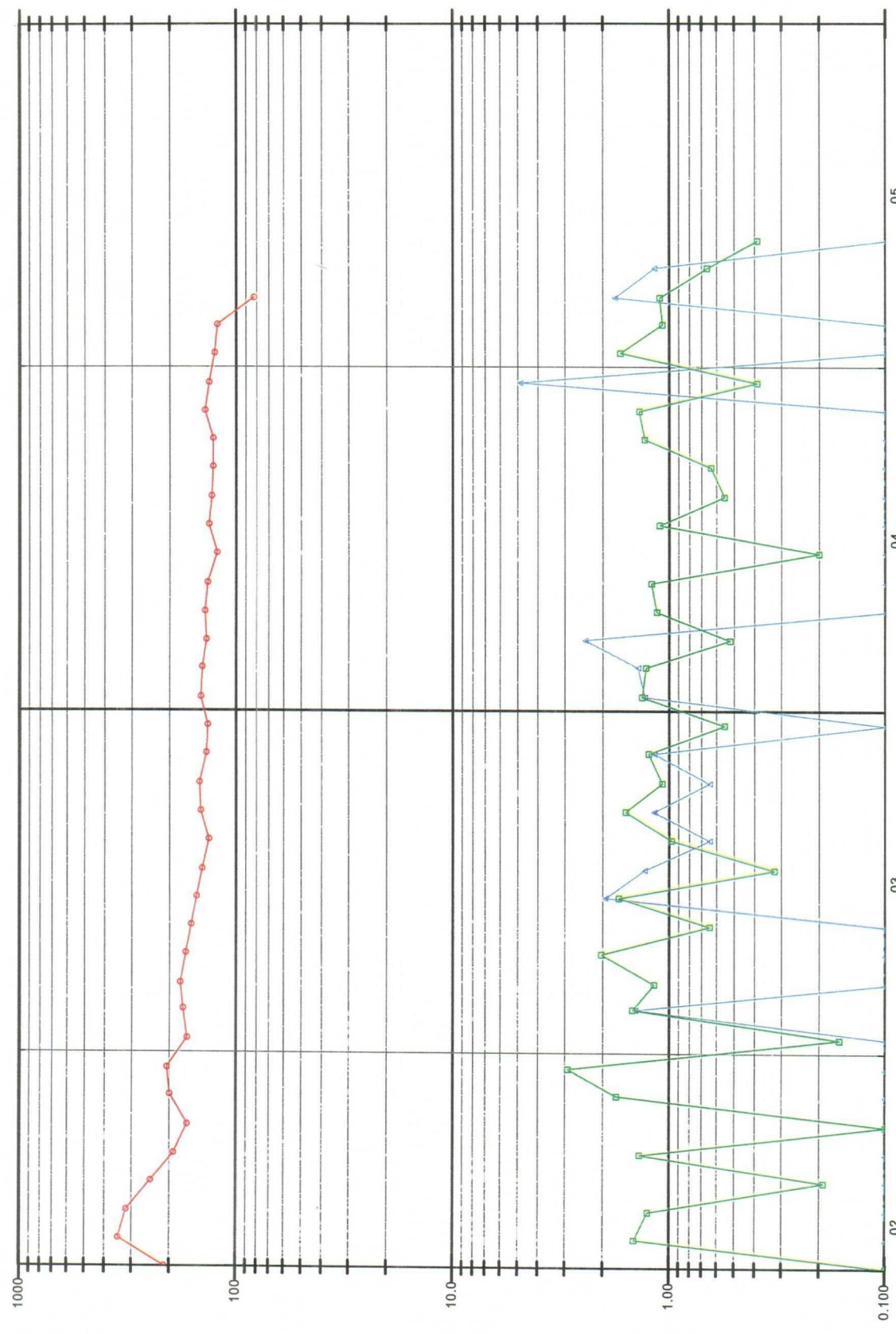
# HUGHES B 2B

API:300453093/00  
 SECT:19 TWN:29  
 WELL:HUGHES B 2B  
 OPERATOR:BP AMERICA PRODUCTION COMPANY

RNG:8

PDEN:590565  
 SPUD Date:4/10/2002  
 Comp. Date:5/7/2002

HORIZON:604MVRD  
 Cum Gas (mmcf):172.399  
 Cum Oil (mbbls):1.141  
 Cum Water (mbbls):0.644



VS Time  
 -o- Calc Gas Rate, mcf/d  
 -□- Calc Oil Rate, (bbls/day)  
 -△- Calc Wtr Rate, (bbls/day)