

**BEFORE THE OIL CONSERVATION DIVISION
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT**

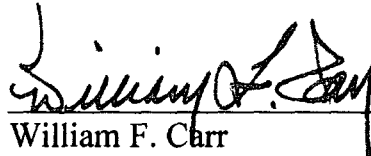
**APPLICATION OF BP AMERICA PRODUCTION
COMPANY, FOR AN EXCEPTION TO THE WELL
DENSITY REQUIREMENTS FOR THE BLANCO-
MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW
MEXICO**

CASE NO. 13613

AFFIDAVIT

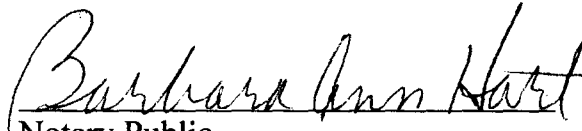
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William F. Carr, attorney in fact and authorized representative of BP America Production Company, the Applicant herein, being first duly sworn, upon oath, states that notice of the above-referenced Application was mailed to the interested parties shown on Exhibit "A" attached hereto in accordance with Oil Conservation Division Rules, and that true and correct copies of the notice letter and proof of notice are attached hereto.



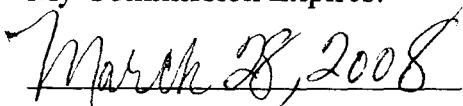
William F. Carr

SUBSCRIBED AND SWORN to before me this 29th day of December 2005.



Notary Public

My Commission Expires:



March 28, 2008

3105576_1.DOC

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13612/13613/13614 Exhibit No. 5
Submitted by:
BP AMERICA, INC.
Hearing Date: February 2, 2006

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

6262 8556 2000 0477 7002

9862 8556 2000 0477 7002

Domestic Return Receipt



December 8, 2005

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: 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.

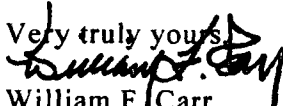
Ladies and Gentlemen:

This letter is to advise you that BP America Production Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking an exception to the well density requirements of Rule I.B of the Special Rules and Regulations of 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:

1. the Hughes B Well No. 2A (API No. 30-045-22716) located 875 from the South line and 1610 feet from the East line (Unit O) of said section;
2. 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
3. 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.

This application has been set for hearing before an Examiner of the Oil Conservation Division on January 5, 2006 at Porter Hall located in the Division's Santa Fe Offices. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement four days in advance of a scheduled hearing at the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

ATTORNEY FOR BP AMERICA PRODUCTION COMPANY

**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.

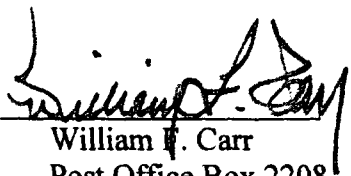
10. Approval of this application will not impair the correlative rights of any other interest owner in the Blanco-Mesaverde Gas Pool, and will afford BP the opportunity to utilize the existing wells to produce the reserves from this GPU.

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

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.

AFFIDAVIT OF PUBLICATION

Ad No. 52674

STATE OF NEW MEXICO County of San Juan:

CONNIE PRUITT, being duly sworn says:
That she is the ADVERTISING MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
web site on the following day(s):

Monday, December 12, 2005.

And the cost of the publication is \$111.67.

Connie Pruitt

ON 12/13/05 CONNIE PRUITT
appeared before me, whom I know personally
to be the person who signed the above
document.

Wynell Corey
My Commission Expires November 17, 2008.

COPY OF PUBLICATION

918

Legals

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on January 5, 2006, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by December 26, 2005. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13613:

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 1.8 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 8 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 8 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.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 7th day of December 2005

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Pasmore, P.E., Director

Legal No. 52674 published in The Daily Times, Farmington, New Mexico on Monday, December 12, 2005.