

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF ALLEGED VIOLATIONS OF THE)	CAUSE NO. 1V
RULES AND REGULATIONS OF THE COLORADO OIL)	
AND GAS CONSERVATION COMMISSION BY)	ORDER NO. IV-
BP AMERICA PRODUCTION COMPANY,)	
LA PLATA COUNTY, COLORADO)	

ADMINISTRATIVE ORDER BY CONSENT

FINDINGS

1. On April 6, 2004, the Colorado Oil and Gas Conservation Commission ("COGCC") approved an Application for Permit-to-Drill ("APD") for BP America Production Company ("BP") for the Robert Dulin Gas Unit D #2 Well ("the Well") located in the SW¼ NE¼ of Section 26, Township 35 North, Range 7 West, N.M. P.M. The APD for the well had an expiration date of April 5, 2005.

2. On August 18, 2005, the COGCC received a COGCC Form 5, Drilling Completion Report, from BP for the Robert Dulin Gas Unit D #2 Well indicating a spud date of May 20, 2005.

3. A Notice of Alleged Violation ("NOAV") was issued for the Well on September 27, 2005, for violation of Rule 303.a., requiring an approved Permit-to-Drill prior to drilling. The NOAV described the alleged violation as "Drilling with expired permit" and required BP to "Obtain approved Application to Drill and submit written documentation as to what occurred, why it occurred and procedures that will be taken to prevent future occurrences".

4. On October 3, 2005 the COGCC received a refiled APD from BP for the Well. A letter of explanation addressing the NOAV was included with the APD. The letter stated that BP presumed that the original APD was still valid because BP began construction operations for the Well prior to expiration of the APD. The documents submitted by BP met the abatement requirements of the NOAV.

5. Rule 523.c. specifies a base fine of One Thousand dollars (\$1,000) per day for each violation of Rule 303.

6. A monetary penalty of One Thousand dollars (\$1,000.00) should be assessed against BP America Production Company, in accordance with Rule 523.d., for violation of Rule 303.a. Mitigating factors in determining the fine recommendation under Rule 523.d. are: 523.d.(3), BP cooperated with the Commission with respect to the violation.

ORDER

NOW, THEREFORE, IT IS ORDERED, that BP America Production Company shall be found in violation of Rule 303.a., failure to have an approved Application for Permit-to-Drill prior to drilling, for the Robert Dulin Gas Unit D #2 Well located in the SW¼ NE¼ of Section 26, Township 35 North, Range 7 West, N.M. P.M.

IT IS FURTHER ORDERED, that BP America Production Company shall be assessed a fine of One Thousand dollars (\$1,000.00) payable within thirty (30) days of the date the order is approved by the Commission for violation of the above-described rule occurring on the Robert Dulin Gas Unit D #2 Well.

IT IS FURTHER ORDERED, that the provisions contained in the above order shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right after notice and hearing, to alter, amend, or repeal any and/or all of the above orders.

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act the Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

Recommended this _____ day of October, 2005.

OIL AND GAS CONSERVATION COMMISSION

By _____
David Shelton, Hearing Officer

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
October 17, 2005

AGREED TO AND ACCEPTED THIS _____ DAY OF October, 2005.

BP AMERICA PRODUCTION COMPANY

By _____
Title
