

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

IN THE MATTER OF THE APPLICATION OF )  
BP AMERICA PRODUCTION COMPANY FOR )  
AN ORDER ALLOWING A SIDETRACKING )  
OPERATION OF AN EXISTING WELL IN AN )  
ESTABLISHED 320-ACRE DRILLING AND )  
SPACING UNIT WHICH WILL ALLOW TWO (2) )  
HORIZONTAL LEGS OF SUCH WELL TO BE )  
PRODUCED WITHIN THE SAME DRILLING )  
AND SPACING UNIT AND MODIFYING )  
ESTABLISHED SETBACKS COVERING THE )  
FRUITLAND COAL SEAM FORMATION, )  
IGNACIO-BLANCO FIELD, LA PLATA )  
COUNTY, COLORADO )

CAUSE NO. 112

Docket No. \_\_\_\_\_

APPLICATION

COMES NOW BP America Production Company (referred to herein as “Applicant”), by and through its undersigned attorneys, makes application to the Oil and Gas Conservation Commission of the State of Colorado, for an order to permit a sidetracking operation to be conducted on an existing Fruitland Coal Seam Formation well in an established drilling and spacing unit for the Fruitland Coal Seam formation with such operation consisting of two (2) horizontal sidetracks of an existing well and which also requires modification to existing setbacks. In support thereof, the Applicant states and alleges as follows:

1. That the Applicant is the owner of leasehold interests in La Plata County, Colorado, located within the area requested for spacing.
2. That the Applicant is requesting that a currently authorized and existing well, the Bush Federal GU #2 (1000’ FNL and 1160’ FEL of said Section 8) be authorized for sidetracking operation, in an existing 320-acre drilling and spacing unit for the Fruitland Coal Seam formation covering lands in La Plata County, Colorado, described as follows:

Township 34 North, Range 7 West  
Section 8: E/2

3. That there currently exists two Fruitland Coal Seam well in the 320-acre drilling and spacing unit with the well at issue being the Bush Federal GU #2, which is a vertical well located in the NE/4 of Section 8, T34N, R7W located as described above in paragraph 2. Applicant proposes to drill two horizontal sidetracks from this existing wellbore in the established drilling and spacing unit, Applicant requests that these proposed horizontal sidetracks be generally drilled toward the South within said Section 8 with proposed bottomhole location(s) in the SE/4 of Section 8 no closer than 660’ from the outer boundaries of the spacing unit in the E/2 of Section 8. Applicant also requests the right to produce from the existing vertical wells and both sidetrack wellbores to be located in the SE/4 and NE/4 of Section 8. All owners in the 320-acre spacing unit are common and no violation of correlative rights exists by allowing both laterals to be produced from the E/2 of Section 8.
4. On June 15, 1988, the Commission issued Order No. 112-60 which established 320-acre drilling and spacing units for production of gas from the Fruitland Coal Seam formations. Said unit shall remain as previously established. Moreover, on May 15, 2000 the Commission issued Order No. 112-156 which permitted a second Fruitland Coal Seam Formation well in each 320-acre drilling and spacing unit with such additional wells being located no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line. Applicant proposes that the proposed horizontal laterals from this existing well be authorized in the 320-acre unit to be drilled and completed as proposed above with the proposed new wellbores being no closer than 660 feet to any outer boundary of the unit and that the 130-foot setback to an interior quarter section line be eliminated in the E/2 of Section 8.

5. In support of the requested order, Applicant asserts that two vertical wells will not efficiently and economically drain the 320-acre drilling and spacing unit described herein, and that the proposed horizontal sidetracks are necessary to prevent waste, protect correlative rights and to recover gas and associated hydrocarbons from the Fruitland coal formation all in accordance with the Colorado statutes, the rules and regulations of this Commission.

6. Applicant further states that the requested sidetrack operation can be developed in a manner consistent with protection of public health, safety and welfare and in a manner consistent with protection of the environment.

7. Exhibit A attached hereto and made part hereof is the list of the names of "Owners" required to be notified in accord with Commission Rule 508(a), including within the areas covered by this Application. To the best of Applicant's knowledge and belief, Exhibit A contains the names of all such owners.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. Allowing the described sidetrack operation to be conducted on the existing Bush Federal GU #2 Well in the 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the E/2 of Section 8, T34N, R7W located as described in paragraph 3 and 4 above.

B. That the proposed horizontal wellbores maintain a 660' set back from the outer boundary of the drilling and spacing unit and that the 130' interior line setback be waived with respect to this proposed sidetrack operation.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this \_\_\_\_ day of November, 2006.

Respectfully submitted,

BP AMERICA PRODUCTION COMPANY

By:

\_\_\_\_\_  
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BEATTY & WOZNIAK, P.C.  
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Denver, CO 80202  
(303) 407-4499

Applicant's Address:

1660 Lincoln St., Suite 3000  
Denver, CO 80202

VERIFICATION

STATE OF COLORADO                    )  
  ) ss.  
CITY AND COUNTY OF DENVER)

James W. Hawkins, of lawful age, being first duly sworn upon oath, deposes and says that he is the San Juan Regulatory Consultant for BP America Production Company and that he has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

\_\_\_\_\_  
James W. Hawkins

Subscribed and sworn to before this \_\_\_\_ day of November, 2006.

Witness my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public

EXHIBIT A

Interested Parties

ALICE SEAVY PO BOX 33 PAGOSA SPRINGS CO 81147-0033	CHOCTAW ENERGY LIMITED PARTNERSHIP PO BOX 6387 SAN ANTONIO TX 78209-0387	G WAYNE AND LISA J VANDENBERG 162 COUNTY ROAD 507 BAYFIELD CO 81122-9712
ARLENE CUNDIFF 1809 US HWY 160-B BAYFIELD CO 81122-9611	CLAUDIA M JOHNSON PO BOX 606 BAYFIELD CO 81122-0606	GENE D JOHNSON PO BOX 606 BAYFIELD CO 81122-0606
ARVIN R AND KATHERINE L PHELPS 101 COUNTY ROAD 507 BAYFIELD CO 81122-9712	CURTIS AND LUCY COWAN 684 4TH AVE DURANGO CO 81301-5720	GRACE L TRIMBLE 3500 126TH PLACE BROOMFIELD CO 80020
BAYLESS RANCHES LLC PO Box 461002 DENVER CO 80246	DALTON R MCDONALD , AND 39639 U S HIGHWAY 160 BAYFIELD CO 81122-8744	GRACE OCONNOR PO BOX 223097 PRINCEVILLE HI 96722-3097
BERNARD J HERTEL 40030 U S HWY 160 BAYFIELD CO 81122-9711	DARLENE D MANN 220 COUNTY ROAD 505 BAYFIELD CO 81122-9707	HARVEY CUNDIFF 2253 COUNTY RD 516 BAYFIELD CO 81122-9408
BIG FIFTY LLC 7523 QUEEN CIRCLE ARVADA CO 80005	DEAN CUNDIFF PO Box 1478 BAYFIELD CO 81122	HARVEY F AND LYNN M ROBBINS 39728 W 160TH HWY BAYFIELD CO 81122-8745
BILL BURRELL 1401 E 3RD AVE #216	DENNIS A AND F REBECCA HILLYER 4981 COUNTY ROAD 509 BAYFIELD CO 81122-9405	HAZEL ANDERSON 416 N ISLAND BLOOMFIELD NM 87413-6307
DURANGO CO 81301 BISMARK INTERNATIONAL CORP PO BOX 12490	DONALD E AND GLORIA J DAYHUFF 2148 PINON DRIVE ERIE CO 80516-7956	HELEN BUSH 4001 S FRANK DR TUCSON AZ 85746-8872
SCOTTSDALE AZ 85267-2490 BLACK STONE ACQ PARTNERS I LP PO Box 4360 HOUSTON TX 77210-4360	DONALD L SOWER , AND 3856 CR 223 DURANGO CO 81301-8251	HENRY CUNDIFF PO BOX 187 WEIR TX 78674-0187
BLAKE TOUCHSTONE , ESTATE 600 COVINGTON PLACE PASADENA CA 91105	DONNIE CUNDIFF PO BOX 757 BAYFIELD CO 81122-0757	HENRY E AND MARYBELL PARKS , LIV 1056 ALPINE FOREST DR BAYFIELD CO 81122
BONNIE GREER PO Box 797 BAYFIELD CO 81122	DORIS C FRANKLIN 4201 KINGSWAY FARMINGTON NM 87402-4601	JAMES HUGH PURCELL 39571 U S HIGHWAY 160 BAYFIELD CO 81122-9713
C J ELLSWORTH PO BOX 33907 INDIALANTIC FLORIDA 32903	DOUGLAS DRYSDALE 1 THOMAS CIR NW STE 1100 WASHINGTON DC 20005-5802	JAMES R PIERSON 186 COUNTY ROAD 507 BAYFIELD CO 81122-9712
CARL E AND MARY E STROHECKER 37801 HIGHWAY NO 160 BAYFIELD CO 81122-9713	DUSTY MAREE COOPER MOORES 1451 M 3/4 ROAD LOMA CO 81524	JANE CREPPS AND SUSAN BOURG 1914 EDGEWOOD DR CAMANO ISLAND WA 98282-7697
CARLOS R MARTINEZ 111 CR 507 BAYFIELD CO 81122	EDISON D HICKMAN PO Box 145 BAYFIELD CO 81122-0145	JANICE R NELEIGH , REVICABLE TRUST 37640 US HWY 160 BAYFIELD CO 81122-8741
CAROLE C BARKER 36125 E 80TH ST LITTLEROCK CA 93543	ELIZABETH X AND GUY A GILBERT , AND 39671 U S HIGHWAY 160 BAYFIELD CO 81122-9713	JDH RESOURCES LIMITED LIABILITY CO 9998 E HAWAII PLACE DENVER CO 80247
CATAMOUNT ROYALTY PARTNERS LTD P O BOX 22084 DENVER CO 80222	ESTHER M PORTER 122 COUNTY ROAD 507 BAYFIELD CO 81122-9712	JEFFREY LORING 24711 WILDERNESS SPRING TX 77380-2557
CHARLES D MCNEW PO BOX 123 BAYFIELD CO 81122-0123	EUGENE CUNDIFF 6463 BRENTON DR NW ALBUQUERQUE NM 87120	JEROMY MACK COOPER PO BOX 903 OVERTON NEVADA 89040
CHARLIE CUNDIFF PO BOX 73 MARANA AZ 85653-0073	FOUR STAR OIL AND GAS PO BOX 845896 DALLAS TX 75284-5896	JESSIE IRENE TOWNSEND 1310 LINDEN ST CANON CITY CO 81212
CHARLOTTE MAITLEN P O BOX 280702 LAKEWOOD CO 80228-0702	FRED E AND MARY ALICE COPELAND 39640 HIGHWAY 160 BAYFIELD CO 81122-8744	JOE E BYRD , SR 39018 U S HWY 160 BAYFIELD CO 81122-9714

JOE MONTOYA PO BOX 1301 BAYFIELD CO 81122-1301	MAZZOLA AND CO 14624 FENTON ST BROOMFIELD CO 80020-6116	RENEE LEWIS 1340 VICTORIA SHERIDAN WYOMING 82801
JOHN I MANKINS PO BOX 24 BAYFIELD CO 81122	MELVIN CUNDIFF PO BOX 843 IGNACIO CO 81137-0843	RICHARD W MADRID 39961 U S HIGHWAY 160 BAYFIELD CO 81122-8747
JOHN T MCDANIEL ESTATE 15083 S ELK CREEK RD PINE CO 80470-9203	MERRION OIL AND GAS CORPORATION 610 REILLY AVE FARMINGTON NM 87401-2634	ROBERT AND ELLEN F ASHER 39848 HIGHWAY 160 BAYFIELD CO 81122-9714
JOY MARIE SWERINGEN 1880 RAMERIZ YUBA CITY CA 95993	MICHAEL JEFFREY SWERINGEN 1880 RAMERIZ DR YUBA CITY CA 95993	ROBERT C TOWNSEND 7 BEVENDEAN CRESCENT BRIGHTON ENGLAND BN24RB
JUDITH I FARNAM 838 GEM LN BAYFIELD CO 81122-9320	MINERALS MANAGEMENT SERVICE P O BOX 5810 MS 652 DENVER CO 80217-5810	ROBERT D CLEVELAND PO BOX 732 BAYFIELD CO 81122-0732
JUDITH L DECKER 2012 CO RD 214 DURANGO CO 81303	MONK ENERGY INC 23 RUE GRAND DUCAL NEWPORT BEACH CA 92660-5906	SANDRA L JONES 513 FLANAGAN STROUD OKLAHOMA 74079-2814
JUDITH WOOD 587 GEM LN BAYFIELD CO 81122-9320	MURRAY AND DIANNE MEAD 265 CR 507 BAYFIELD CO 81122-9712	SANDRA MEHRER 6410 GILMORE GROVE COLORADO SPRINGS CO 80918-1382
KATHLEEN A GORE 11535 ENCHANTED SUN SET SAN ANTONIO TX 78253	MURRAY MEAD P O BOX 105 BAYFIELD CO 81122-0105	SCHULTZ ENERGY LLC 2432 GINNY WAY LAFAYETTE CO 80026
KATHLEEN ANN WOLTER BARTSHE PO BOX 1468 DURANGO CO 81302	NORA L TOWNSEND 4201 KINGSWAY DR FARMINGTON NM 87402-4601	SCHURE FAMILY LIMITED PARTNERSHIP 5936 E PAISANO CIR PHOENIX AZ 85018-4603
KENT C AND KARMA J MARLATT 39908 US HWY 160 BAYFIELD CO 81122-8747	OIL PROPERTIES HOLDING II LLC 475 17TH ST, SUITE 1210 DENVER CO 80202	SCOTT R RIDL 6061 RUSSELL LANE ARVADA CO 80403
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