

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 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 State of Colorado AV #1 (1775’ FSL and 2015’ FEL of said Section 36) 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 35 North, Range 8 West  
Section 36: S/2

3. That there currently exists two Fruitland Coal Seam well in the described 320-acre drilling and spacing unit with the well at issue being the State of Colorado AV #1, which is a vertical well located in the SE/4 of Section 36, T35N, R8W 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 Northwest corner of said drilling and spacing with proposed bottomhole location(s) in the SW/4 of Section 36 no closer than 660’ from the outer boundaries of the spacing unit in the S/2 of Section 36. Applicant also requests the right to produce from the existing vertical wells and both sidetrack wellbores to be located in the S/2 of Section 36. 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 S/2 of Section 36.
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 S/2 of Section 36.

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 State of Colorado AV #1 Well in the 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the S/2 of Section 36, T35N, R8W 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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(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

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ANDREW J AND VICKI L KOGER  
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OSKALOOSA IOWA 52577

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ERIE COLORADO 80516-7956

DONALD L SOWER , AND  
3856 CR 223  
DURANGO COLORADO 81301-8251

ELBERT T WHETTEN  
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DURANGO COLORADO 81301

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125 WEST JACKSON STREET  
MEDFORD OREGON 97501

LIFE ROYALTIES INC  
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MARVIN BEN STARK  
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