

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

IN THE MATTER OF THE APPLICATION OF)
BP AMERICA PRODUCTION COMPANY AND)
THE SOUTHERN UTE INDIAN TRIBE, D/B/A)
RED WILLOW PRODUCTION COMPANY FOR)
AN ORDER ALLOWING AN OPTIONAL)
SECOND WELL IN ESTABLISHED 320-ACRE)
DRILLING AND SPACING UNITS COVERING)
THE FRUITLAND COAL SEAM FORMATION,)
IGNACIO-BLANCO FIELD, LA PLATA)
COUNTY, COLORADO)

CAUSE NO. 112

Docket No. _____

APPLICATION

BP America Production Company and the Southern Ute Indian Tribe, d/b/a Red Willow Production Company (referred to herein as “Applicants”), by and through their undersigned attorneys, make application to the Oil and Gas Conservation Commission of the State of Colorado, for an order to permit an optional second well in established 320-acre drilling and spacing units for the Fruitland Coal Seam formation. In support thereof, the Applicants state and allege as follows:

1. That the Applicants are the owners of numerous leasehold interests in La Plata County, Colorado, located within the area requested for infill drilling.
2. That the Applicants are requesting that an optional infill well be permitted in each existing drilling and spacing unit of 320 acres for the Fruitland Coal Seam formation covering the lands described on Exhibit A attached hereto and incorporated by reference.
3. That insofar as this Application concerns lands within the jurisdiction of the Southern Ute Indian Tribe, it is submitted to this Commission in accordance with the terms of the Memorandum of Understanding dated August 22, 1991 between the Bureau of Land Management (“BLM”) and this Commission and separate Memorandum of Understanding dated August 22, 1991 between the Bureau of Indian Affairs, the BLM and the Southern Ute Indian Tribe. In certain of the lands described on Exhibit A, the Southern Ute Indian Tribe owns surface interests, mineral interests and leasehold interests underlying such lands.
4. In support of the requested order, Applicants assert that one well previously authorized will not efficiently and economically drain each of the 320-acre drilling and spacing units described in Exhibit A, and that additional well is 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 and, with respect to Tribal lands, applicable rules and regulations of the BLM.
5. 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 with 990’ setback to the outer boundary of each Unit and a 130’ setback to the interior quarter section line. Said units and setbacks shall remain as previously established for the second well requested herein.
6. That the surface location of each of the optional wells shall be located within the setbacks set forth above in the undrilled governmental quarter section.
7. With respect to lands not within the jurisdiction of the Southern Ute Indian Tribe, the Director may, after notice and hearing, approve exceptions to permitted well locations due to topography or surface hazards or the recompletion of wells previously drilled at permitted locations, provided that appropriate notice of such exception location is afforded to offset owners as required by Commission rules.
8. Applicants further state that the requested additional well can be developed in a manner consistent with protection of public health, safety and welfare.
9. Exhibit B 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 Applicants’ knowledge and belief, Exhibit B contains the names of all such Owners.

WHEREFORE, Applicants respectfully request 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. Establishing that one (1) additional Fruitland Coal well (for a total of up to two (2) Fruitland Coal wells) may be completed in each 320-acre drilling and spacing unit for gas and associated hydrocarbons from the Fruitland Coal Seam formation underlying the lands set forth on Exhibit A with the second well being an optional well in the discretion of the operator located as provided in paragraph 5 and 6 subject to the Director approving exceptions for the permitted well locations as provided in paragraph 7 above.

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

DATED this _____ day of April, 2007.

Respectfully submitted,

BP AMERICA PRODUCTION COMPANY
AND THE SOUTHERN UTE INDIAN TRIBE, D/B/A RED
WILLOW PRODUCTION COMPANY

By: _____
Michael J. Wozniak
BEATTY & WOZNIAK, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicants' Addresses:

1660 Lincoln St., Suite 2900
Denver, CO 80202

PO Box 369
Ignacio, Colorado 81137-0369

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 April, 2007.

Witness my hand and official seal.
My commission expires:

Notary Public

STATE OF COLORADO)
) ss.
LA PLATA COUNTY)

Barbara G. Wickman, of lawful age, being first duly sworn upon oath, deposes and says that she is the President of Red Willow Production Company and that she has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

Barbara G. Wickman

Subscribed and sworn to before this ____ day of April, 2007.

Witness my hand and official seal.
My commission expires:

Notary Public

Exhibit A
Legal Description
Infill Application Area
BP America Production Company

Township 32 North, Range 9 West
Section 6: W/2

Township 32 North, Range 10 West
Section 1: E/2

Township 33 North, Range 10 West
Section 13: N/2
Section 21: E/2
Section 24: W/2
Section 25: E/2, W/2
Sections 28: N/2, S/2
Section 29: E/2, W/2
Section 36: E/2,W/2

Township 33 North, Range 11 West
Section 25: E/2, W/2

Exhibit B
Interested Parties

CONOCOPHILLIPSCOMPANY
P.O. BOX 4289
FARMINGTON, NM 87499

LOUIS F DAVIS CONSULTANTS INC.
4252 ARMSTRONG PARKWAY
DALLAS, TX 75205

MARALEX RESOURCES INC.
PO BOX 338
IGNACIO, CO 81137-0338

SOUTHERN UTE INDIAN TRIBE
TAX PARTNERSHIP
ACCT 1
PO BOX 369
IGNACIO, CO 81137

RED WILLOW PRODUCTION COMPANY
PINON OPERATIONS JOINT VENTURE
ANIMAS ENERGY LLC
P O BOX 369
IGNACIO, CO 81137

WILLIAMS PRODUCTION COMPANY
ONE WILLIAMS CENTER
PO BOX 3102 MD 37-7
TULSA, OK 74101-9827

DAVID ALLAN FRAZE
3005 JACKSON ST.
SAN FRANCISCO, CA 94115

WENDY WEIR FRAZE
P.O. BOX 9703
RANCHO SANTA FE, CA 92067

FRANK GRADY
103 PARKING WAY
LAKE JACKSON, TX 77566

JAMES C. HOLCOMB JR.
3406 LOVERS LANE
DALLAS, TX 75225

THOMAS W. HOLLEY
2716 ANGLE GALE CIRCLE
O'FALLON, MO 63366-9752

ELIZABETH H. MASON
7307 HOLYOKE
AMARILLO, TX 79121

HAL AND JEAN RIDDLE TRUST
3818 DORIS DR.
AMARILLO, TX 79109

KAM CHI IP
5027 MOSS RUN DR.
MISSOURI CITY, TX 77459

CHARLIE HOWARD
9300 U.S. HIGHWAY 90A
SUGARLAND, TX 77478

CHARLES W. JANKE
2147 DEL MONTE
HOUSTON, TX 77019

L & L INVETMENTS LTD.
19089 COUNTY ROAD 13
FAIRHOPE, AL 36532

SAM WYCHE
P.O. BOX 1570
PICKENS, SC 29671

PGP SAN JUAN LIMITED PARTNERSHIP
518 17TH ST., SUITE 1455
DENVER, CO 80202

GULF SOUTH ROYALTY
ADDRESS UNKNOWN

SUE B. LANE LIMITED PARTNERSHIP
5032 BISSONET DR.
METAIRE, LA 70003

ESTATE OF JAMES HOLCOMB SR.
3548 SLEEPY HOLLOW
AMERILLO, TX 79121

BRETT SHERMAN
LA PLATA COUNTY
1060 EAST 2ND AVENUE
DURANGO, CO 81301