

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 UP TO FOUR (4) )  
OPTIONAL FRUITLAND COAL WELLS 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 (“Applicant” or “BP”), 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 up to four (4) optional Fruitland Coal wells in established 320-acre drilling and spacing units for the Fruitland Coal Seam formation. In support thereof, the Applicant states and alleges as follows:

1. That the Applicant is the owner of numerous leasehold interests in La Plata County, Colorado, located within the area requested for infill drilling.
2. That the Applicant is requesting that up to four (4) optional Fruitland Coal wells be permitted and drilled and completed 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. In support of the requested order, Applicant asserts that the one or two wells previously authorized will not efficiently and economically drain each of the 320-acre drilling and spacing units described in Exhibit A, and that additional wells 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, and the rules and regulations of this Commission.
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 units shall remain as previously established. Moreover, relying on and amending Orders 112-60, 112-61 and 112-85, on April 24, 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. Additionally, On October 20, 1998, the Commission issued Order No. 112-148 which, among other things, amended Order 112-61 to allow certain wells to be drilling as additional wells for certain 320-acre drilling and spacing units within the Application Lands.  
  
Applicant proposes that up to four (4) optional Fruitland Coal wells in each 320-acre unit be drilled, completed or recompleted in the operator's discretion with bottomhole no closer than 660 feet to any outer boundary of the unit and with no setback required to any interior quarter section line.  
  
Applicant further requests, at the Applicant's discretion, that the optional wells be permitted to be drilled and completed as vertical, directional or horizontal wells.
5. That the surface location of each of the optional wells shall be located on a common or expanded pad with the existing well such that a total of four Fruitland coal well pads shall be authorized in each governmental section.
6. The Director may 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.

7. Applicant further states that the requested additional wells can be developed in a manner consistent with protection of public health, safety and welfare. To this end, Applicant shall propose a Health, Safety and Welfare Plan which is likely to be a portion of a Memorandum of Understanding by and between BP and La Plata County, Colorado ("HS&W Plan") which shall apply to operations on lands not within the jurisdiction of the Southern Ute Indian Tribe. The Applicant requests a finding by the Commission that such HS&W Plan adequately addresses concerns related to the environment and public health, safety and welfare not otherwise addressed by Commission rule on such non-tribal lands.

8. 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 Applicant's knowledge and belief, Exhibit B 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. Establishing that up to four (4) Fruitland Coal wells may be drilled and 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 optional wells in the discretion of the operator located as provided in paragraph 4, 5 and 6 subject to the Director approving exceptions for the permitted well locations as provided in paragraph 7 above.

B. That Applicant's HS&W Plan shall be incorporated as part of the Commission Order concerning non-tribal operations on lands outside of the jurisdiction of the Southern Ute Indian Tribe.

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

DATED this \_\_\_\_\_ day of September, 2008.

Respectfully submitted,

BP AMERICA PRODUCTION COMPANY

By: \_\_\_\_\_  
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Susan L. Aldridge  
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Applicants' Addresses:

1660 Lincoln St., Suite 2900  
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 September, 2008.

Witness my hand and official seal.  
My commission expires:

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

Exhibit A  
Legal Description

**BP 80-Acre Infill  
Application Area  
Lands North of SUI Reservation**

T34N-R6W, NUL

Sections 3, 4, 5 - All  
Sections 7, 8, 9, 10 - All  
Section 15, 16, 17, 18 - All N/2

T34N-R7W, NUL

Section 3 - W/2  
Sections 4, 5, 6, 7, 8, 9, 10, 11, 12 - All  
Sections 13, 14, 15, 16, 17, 18 - All N/2

T34N-R8W, NUL

Sections 1, 2 - All  
Section 8 - S/2  
Section 9 - E/2  
Section 10 - E/2  
Sections 11, 12 - All  
Sections 13, 14, 15, 16, 17, 18 - All N/2

T35N-R6W

Sections 32, 33, 34 – All

T35N-R7W

Section 29 – S/2  
Sections 30, 31, 32, 33 – All  
Section 34 – W/2

T35N-R8W

Section 34 – S/2  
Section 35, 36 – All

Exhibit B

Interested Parties