

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

IN THE MATTER OF THE APPLICATION OF)	
BP AMERICA PRODUCTION COMPANY FOR)	Cause No. 112
AN ORDER POOLING ALL NONCONSENTING)	
INTERESTS IN THE FRUITLAND COAL)	Docket No. _____
FORMATION IN AN ESTABLISHED 320-ACRE)	
DRILLING AND SPACING UNIT LOCATED IN)	
THE IGNACIO BLANCO FIELD, LA PLATA)	
COUNTY, COLORADO)	

APPLICATION

BP America Production Company (referred to herein as “Applicant”), by and through its undersigned attorney, hereby submits this application to the Oil and Gas Conservation Commission of the State of Colorado (“COGCC”), for an order to pool all non-consenting interests for the drilling of wells in an established 320-acre drilling and spacing unit in the Fruitland Coal Formation consisting of the N/2 of Section 22, Township 33 North, Range 8 West, N.M.P.M., La Plata County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. That the Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. That the Applicant owns certain mineral interests in the unit requested for pooling.
3. That pursuant to COGCC Orders originally established in Cause No. 112, specifically Order Nos. 112-46, 112-157 and 112-190, there are established 320-acre drilling and spacing units for the production of gas from the Fruitland coal seams, including the following described lands at issue in this Application.

Township 33 North, Range 8 West, N.M.P.M.
Section 22: N ½

An optional second Fruitland coal seam well was authorized by Order No. 112-157 in the 320-acre drilling and spacing unit for the production of gas from the Fruitland coal seams underlying the lands described above. Subsequently, Order No. 112-190 authorized a total of four (4) wells to be optionally drilled in each 320-acre drilling and spacing unit, with the permitted well to be located no closer than 660 feet to any outer boundary of the unit with no interior section line setback, utilizing a common or expanded pad with an existing well, for production of gas from the Fruitland coal seams.

4. Applicant intends to drill the following wells within the 320-acre drilling and spacing unit described in paragraph 3 above as follows: the Pan American Fee GU “C” No. 1 Well, Pan American Fee GU “C” No. 2 Well, Pan American Fee GU “C” No. 3 Well and Pan American Fee GU “C” No. 4 Well.
5. That some of the parties listed on Exhibit A hereto own separate leased mineral interests in the N/2 of Section 22 encompassed within the drilling and spacing unit, and such parties have been offered the option to participate in the drilling of the wells in the unit, but to date one or more of such parties have refused to participate by bearing their proportionate shares of the costs and risks of drilling or operating the wells. An AFE containing the information required by COGCC Rule 530.a. was sent regarding this well more than thirty (30) days prior to the date of the hearing on this Application. A copy of an example of such AFE and letter is attached hereto as Exhibit B.

6. That in order to prevent waste, protect correlative rights and in the best interests of conservation, all interests owned by the nonconsenting parties listed on Exhibit A should be pooled in the Fruitland Coal Formation in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC.

7. That the names and addresses of the interested parties with respect to this Application are as set forth in Exhibit A hereto.

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. That all leasehold working interest owners with whom Applicant has been unable to secure an agreement for the drilling of the proposed wells as described in paragraph 5 be pooled involuntarily with respect to the Fruitland Coal Formation Wells, to be located within the drilling and spacing unit described above, and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the terms and penalties provided for therein.

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

DATED this 17th day of April, 2009.

Respectfully submitted,

BP AMERICA PRODUCTION COMPANY

By:

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Susan L. Aldridge
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Denver, CO 80202
(303) 407-4499

Applicants' Address:

1660 Lincoln St Suite 3000
Denver CO 80202

VERIFICATION

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

Gregory E. Wilhelm of lawful age, being first duly sworn upon oath, deposes and says that he is the San Juan North Contract Negotiator 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 his knowledge, information and belief.

Gregory E. Wilhelm

Subscribed and sworn to before this 18th day of April, 2009.

Witness my hand and official seal.

My commission expires:

Notary Public

[SEAL]

EXHIBIT A

INTERESTED PARTIES

BP America Production Company
Attention: Division Land Manager
380 Airport Road
Durango, Colorado 81303

Rock Creek Ranch I, Ltd.
Attention: Robbie Guinn, VP Land
100 Waugh Drive, Suite 400
Houston, Texas 77007

LHS, Smith & Smith, Ltd., L.L.P.
Attention: Judy Mills
P.O. Box 52890
Houston, Texas 77052

Sagle, Schwab & McLean Energy
Resources, L.L.C.
Attention: William Schwab III
286 Sawyer Drive, Suite "A"
Durango, Colorado 81303

Dugan Production Corporation
Attention: Skip Fraker, Land Manager
P.O. Box 420
Farmington, New Mexico 87499-0420

T H McElvain Oil & Gas Limited
Partnership
Attention: Rick Harris
1050 17th Street, Ste. 1800
Denver, Colorado 80265

McElvain Oil Company
Attention: David P. McElvain
14828 Bellbrook Drive
Addison, Texas 75254

Patricia Penrose Schieffer
c/o Bank of America, Agent
Attn: Larry Ferris
P.O. Box 2546
Ft. Worth, Texas 76113-2546

Tatum Living Trust
c/o Bank of America, Agent
Attn: Justin Long
P O Box 2546
Ft. Worth, Texas 76113-2546

David Keith Roberts
(Agent for Mary F. Roberts)
P.O. Box 2203
Ruidoso, New Mexico 88355

Kristin Baker Ashton
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Estate of John B. Rich
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Attn: Patricia Ann Clouse
Min. Sec – P2-PTPP – 05-5
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Kerrville, Texas 78209

Tamacam LLC
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Attorney-In-Fact
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John H Hendrix Corporation
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Midland, Texas 79702-3040

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And Lee F. Wood, Jr.
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Midland, Texas 79701

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Karmen Marie Hendrix Bryant
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