

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 W½ of Section 16, Township 34 North, Range 7 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. 112-6 and 112-46, 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 34 North, Range 7 West, N.M.P.M., SUL
Section 16U: W½

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. 112-180 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 has drilled the following wells within the 320-acre drilling and spacing unit described in paragraph 3 above as follows: the Baird B #2 and the Baird GU B #4 Wells (the “Wells”).
- 5. According to the title work completed by Applicant, there are unleased interests in the described unit; those interests are described on the attached Exhibit A.
- 6. Attached hereto as Exhibit B is an August 10, 2009 letter that was sent by Applicant to each unleased interest owner offering each of them the opportunity to lease their respective interests in the unit to Applicant and to participate in the drilling of the Well.
- 7. The offer to lease was made pursuant to C.R.S. § 34-60-116(7) c and Rule 530 of the rules of the Commission and the terms thereof comply with the requirements of the statute and rule.
- 8. That some of the parties listed on Exhibit A hereto own separate leased mineral interests in the W½ of Section 16 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.

9. 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.

10. 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 4 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 ____ day of September, 2009.

Respectfully submitted,

BP AMERICA PRODUCTION COMPANY

By:

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Susan L. Aldridge
BEATTY & WOZNIAK, P.C.
216 16th Street, Suite 1100
Denver, CO 80202
(303) 407-4499

Applicants' Address:

BP AMERICA PRODUCTION COMPANY
501 WESTLAKE BLVD
HOUSTON, TX 77079

VERIFICATION

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

Debra Bacon of lawful age, being first duly sworn upon oath, deposes and says that she is the San Juan Land Manager for BP America Production Company and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Debra Bacon

Subscribed and sworn to before this ____ day of September, 2009.

Witness my hand and official seal.

My commission expires:

Notary Public

[SEAL]

EXHIBIT A

INTERESTED PARTIES

DIANE M WEMPLE
245 MIRA SOL RD
CORRALES, NM 87048-9156

JUDY MANNING
P O BOX 456
SANDIA PARK, NM 87047-0456

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PHOENIX, AZ 85035-4902

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RIO RANCHO, NM 87124

ROY C HAYES
4150 CHAPARRAL RD
ROSWELL, NM 88201

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E GORDON ADAMS
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BLANDING, UT 84511-3827

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MONTICELLO, UT 84535-0098

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DOLORES, CO 81323

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LIVING TRUST
235 W 20TH ST
DURANGO, CO 81301

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2660 CR 509
BAYFIELD, CO 81122

LAURENCE B & KARLA S BAIRD
1495 CR 321
IGNACIO, CO 81137

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1402 SANDERS ST
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SHAWN H CARR, JOHN C. CHERRY,
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