

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 112
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS IN THE IGNACIO-BLANCO FIELD,)	DOCKET NO. 1011-AW-08
LA PLATA COUNTY, COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On June 17, 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 a 990-foot setback to the outer boundary of each unit and a 130-foot setback to the interior quarter section line.

On December 17, 1990, the Commission issued Order No. 112-85 which amended Order No. 112-61 (which originally amended Order No. 112-60) for other reasons and confirmed the established 320-acre drilling and spacing units for production of gas from the Fruitland Coal Seam formations. The units consisted of the N½ and S½ or the E½ and W½ of a full section with the one (1) permitted well located, when north of the north line of Township 32 North, in the NW¼ and SE¼ of the section, and when south of the north line of Township 32 North, in the NE¼ and SW¼ of the section, and no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line.

On October 8, 2010, 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 attorneys, filed with the Commission, a verified application (“Application”) for an order to permit an optional second well in established 320-acre drilling and spacing units for the Fruitland Coal Seam formation.

The following lands are subject to the Application (“Application Lands”):

Township 32 North, Range 9 West, N.M.P.M. (S.U.L.)

Section 5: E½
Section 6: E½
Section 7: E½
Section 8: W½

Township 32 North, Range 10 West, N.M.P.M. (S.U.L.)

Section 2: All
Section 3: E½
Section 4: S½
Section 5: N½
Section 6: N½

Township 33 North, Range 10 West, N.M.P.M. (S.U.L.)

Section 22: S½
Section 23: S½
Section 26: All
Section 27: All
Section 31: All
Section 32: All
Section 33: W½
Section 34: All
Section 35: All

Township 33 North, Range 11 West, N.M.P.M. (S.U.L.)

Section 13: S½
Section 23: All
Section 24: E½
Section 26: All
Section 36: E½

La Plata County, Colorado

Insofar as the Application concerns lands within the jurisdiction of the Southern Ute Indian Tribe, it is submitted to the Commission in accordance with the terms of the Memorandum of Understanding dated August 22, 1991 between the Bureau of Land Management (“BLM”) and the Commission and the separate Memorandum of Understanding dated August 22, 1991 between the Bureau of Indian Affairs, the BLM, and the Southern Ute Indian Tribe. In portions of the Application Lands, the Southern Ute Indian Tribe owns surface interests, mineral interests and leasehold interests underlying such lands.

Applicants propose that an additional optional well in each 320-acre unit be drilled, completed or recompleted in the operator's discretion with a bottom-hole location not closer than 990 feet to any outer boundary of the unit and that any interior quarter section setback be eliminated.

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 covering the Application Lands, and that an additional well is necessary to prevent waste, protect correlative rights and to recover gas and associated hydrocarbons from the Fruitland Coal Formation in accordance with Colorado statutes, the rules and regulations of the Commission and, with respect to Tribal lands, applicable rules and regulations of the BLM.

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.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, November 29, 2010
Tuesday, November 30,, 2010

Time: 9:00 a.m.

Place: Suite 801, The Chancery Building
1120 Lincoln Street
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than November 12 2010, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of November 15, 2010.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **November 12 2010, the Applicant may request that an administrative hearing be scheduled during the week of November 15, 2010.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Carol Harmon, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
November 1, 2010

Attorneys for Applicant:
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