

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-09
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 July 11, 2000, the Commission issued Order No. 112-157 which amended Order Nos. 112-60, 112-61, and 112-85 to allow an optional additional well to be drilled for production of gas from the Fruitland Coal Seams for certain of the 320-acre drilling and spacing units subject to this Application, with the permitted well to be located in any undrilled quarter section no closer than 990 feet from the boundaries of the quarter section, 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 up to four (4) optional infill wells 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 8: E½  
Section 21: E½, E½ W½

Township 33 North, Range 9 West, N.M.P.M. (S.U.L.)

Section 18: S½  
Section 19: W½  
Section 30: N½

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

Section 1: W½  
Section 2: All  
Section 3: S½  
Section 11: All  
Section 12: E½  
Section 18: All  
Section 19: E½  
Section 20: All

La Plata County, Colorado

Additional Orders have been entered by the Commission, that have also allowed additional wells on certain Application Lands. These orders include:

<u>Order No.</u>	<u>Date</u>
Order No. 112-139	February 9, 1998
Order No. 112-140	February 9, 1998
Order No. 112-141	February 9, 1998
Order No. 112-143	April 29, 1998
Order No. 112-145	July 9, 1998
Order No. 112-153	January 15, 1999
Order No. 112-154	July 12, 1999

Applicants propose that up to four (4) optional infill wells in each 320-acre unit be drilled, completed or recompleted in the operator's discretion with the bottom-hole location not closer than 660 feet to any outer boundary of the unit and that any interior quarter section setback be eliminated within the Application Lands.

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.

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 additional wells are 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

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