



**BP America Production Company**  
380 Airport Road, Bldg. B  
Durango, Colorado 81303

August 16, 2010

Mr. David Neslin  
Colorado Oil and Gas Conservation Commission  
Denver, CO 80203

BP Request for Exception Location  
Ray, Billy #3  
W/2 Section 19, T34N-R9W

Dear Mr. Neslin:

BP America Production Company is requesting an exception location be granted to Rule 603a(2) for the Ray, Billy #3. BP is proposing to drill the above referenced well at a location from the expansion of the existing Ray, Billy GU #1 well pad. The Colorado Oil & Gas Conservation Commission ("COGCC") Rule 603a(2) requires a setback of 150 feet from the wellhead to a surface property line. The Ray, Billy #3 is located less than 150 feet from a surface property line located to the west with an encroachment of 87 feet. A portion of the permanent pad will be located on the encroached upon surface owner.

The Ray, Billy GU #1 well pad is being expanded to the south to accommodate the Ray, Billy #3 well per attached Site Plan. Expansion to the south is preferable due to topographic constraints and landowner wellpad expansion preference.

A Surface Use Agreement has been obtained from the Family Bardin Partnership LLLP, the surface property owners of the encroached upon property line located to the west of the wellhead. The Family Bardin Partnership LLLP is also the surface property owner of the portion of the permanent pad upon which the wellhead will be located. A copy of the Surface Use Agreement is submitted with this request.

Thank you for considering our request for this exception. Should you have any additional questions, please contact me at (970) 335-3828.

Thank you,

Susan J. Folk  
Infill Project Permitting Coordinator  
San Juan Coalbed Methane Major Project



RAY, BILLY GU #3  
LPC SITE PLAN