



DEPARTMENT OF NATURAL  
RESOURCES

Bill Owens, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

## Memorandum

**To:** Hanstedt GU 07U-01 #3 and #4 File  
**From:** Steven Lindblom – Onsite Inspection Specialist  
**CC:** Mr. Earl Rutland – Southern Oaks Trust  
Mr. Scott Thomson – BP America  
Mr. Chandler Marechal – La Plata County  
Mr. David Dillon - COGCC  
**Date:** May 31, 2006  
**Re:** Hanstedt – BP America Onsite Inspection Hanstedt GU07U-01 #3 and #4

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This Memorandum summarizes discussions and developments regarding BP America (BP) wells Hanstedt GU07U-01 #3 and #4 that occurred during the Hanstedt Onsite Inspection in Section 7U, Township 34N, Range 8W in La Plata County between approximately 1:00 p.m. and 3:00 p.m. on May 2, 2006. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), La Plata County, BP, and the tenant occupant of the property. The property owner, the Southern Oaks Trust represented by Mr. Earl Rutland, did not attend, despite repeated attempts at notification. A complete list of attendees and contact information is included with this Memorandum as Attachment 1.

After an introduction and overview of the onsite inspection policy as outlined in Cause 112, Orders 156 and 157 by COGCC, discussions focused particularly on the proposed location of the Hanstedt 07U-01 #3 well, concerns regarding the proposed location, and related issues.

### PROPOSED LOCATION

BP representatives explained that the well was staked within the COGC approved drilling window such that it would twin the Hanstedt GU #1 well and would be located 90 feet west of the existing well head. The Hanstedt GU07U-01 #3 is proposed to be drilled from the existing Hanstedt GU #1 well pad, in accordance with COGCC Cause 112, Order 180. Similarly, the Hanstedt GU07U-01 #4 will twin the Hanstedt GU07U-01 #2 well is proposed to be drilled from that pad.

In order to accommodate the Hanstedt GU07U-01 #3, BP will require that the pad area around the Hanstedt GU #1 well be cleared of encroaching inventory from the Hanstedt salvage operation and the pad area be expanded to encompass a total of 2.2 acres. Per BP, this pad size is typical for locations in which two Fruitland Coal wells are drilled from the same pad. In most instances, the pad would undergo interim reclamation and would be reduced to 1.1 acres, which is sufficient to accommodate recompletion and workover rigs. It is not sufficient size, however, to accommodate a full scale drilling rig on the location. Given the history of salvage inventory encroaching onto the well pad at the Hanstedt GU #1 well, BP noted that they planned to request from the COGCC permission to maintain a fence around the entire 2.2 acres so that a rig could be moved onto the location on short notice, if required. Interim reclamation would be conducted within the fenced area.



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The Hanstedt GU07U-0-1 #4 would also initially require a 2.2 acre pad. However, given that this location is outside the area where salvage inventory is stored, interim reclamation would be conducted to reduce the pad size to 1.1 acres and no fencing would be required.

#### CONCERNS

Mr. Hanstedt expressed several concerns regarding the Hanstedt GU07U-01 #3. These included:

1. The contract language in the Surface Use Agreement provided by BP, to his understanding, held him liable for activities and operations on the well pad. Mr. Dugan produced a copy of the Agreement and noted that, in fact, the contract language did not hold Mr. Hanstedt liable.
2. The magnitude of compensation was inadequate, given the amount of proposed surface disturbance. COGCC staff noted that such discussions were outside the scope of the Onsite Inspection and COGCC jurisdiction.
3. That the staked locations appeared to have changed and that it appeared that the size of the pad had increased since a previous conversation with BP. BP responded that the pad size had not changed, and went on to explain the meaning of the staked points, pointing out the corners of the 2.2 acre drilling pad and proposed fence and the 1.1 acre pad that would remain after interim reclamation.
4. That the size of the Hanstedt GU07U-01 #3 well pad would interfere with his ability to access various parts of his property, particularly with a fence around the entire 2.2 acres. Subsequent discussions between COGCC, La Plata County, BP, and Mr. Hanstedt focused on ways to minimize this impact. Mr. Hanstedt requested that gates be placed at several locations along the fence to allow him access through the well pad. Other suggestions included construction of access roads around the pad, a reduction in the area proposed for fencing, and elimination of interim reclamation.

#### CONCLUSION

At the conclusion of the Onsite Inspection, it was agreed that discussions toward a surface use agreement would continue between Mr. Hanstedt, Mr. Rutland, the attorney representing the Southern Oaks Trust, and BP. COGCC noted that the progress of these discussions would not affect the permitting process for the Hanstedt GU07U-01 #3 and #4 wells. In addition it was tentatively agreed that a permanent 240 foot by 300 foot well pad would be constructed to accommodate the Hanstedt GU07U-01 #3 well. Interim reclamation would not take place; rather the gravel and pad material would be left in place and would serve as a 20-foot wide access road around the north, east and south sides of the pad. A permanent fence would be constructed around a 220 foot by 260 foot area encompassing the Hanstedt GU07U-01 #3 and Hanstedt GU #1 wellheads and other surface facilities. COGCC requested that BP provide a diagram showing the well locations and proposed pad dimensions.



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## Attachment 1 Attendees and Contact Information

Name	Representing	Telephone Number
Robert Ryan	Sierra/BP	(970) 749-1197
Scott Thompson	BP	(970) 247-6809
Susan Folk	BP	(970) 375-7514
Edward Mara	Pinnacle	(970) 247-3248
Lee Scarborough	BP	(970) 247-6899
Danny Mondragon	BP	(970) 247-6965
Tom Yaley	Pinnacle	(970) 385-5999
Mark Weems	COGCC	(970) 259-4587
Tom Dugan	BP	(970) 259-1770
Chandler Marechal	La Plata County	(970) 382-6288
Christine Fernstrom	Pinnacle	(970) 385-5999
Roy Roberts	BP	(970) 375-7581
Lee Hanstedt	Tenant Occupant	
Steven Lindblom	COGCC	(303) 894-2100 x 114



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April 12, 2006

Mr. Earl Rutland  
Southern Oaks Trust.  
P.O. Box 136  
Putnam Hall, Florida 32185

RE: Onsite Inspection  
Handstedt GU 07U-01 #3 and Handstedt GU 07U-01 #4  
Section 7U, Township 34N, Range 8W  
La Plata County, Colorado

Dear Mr. Rutland:

Under Cause 112 Order 157, the Colorado Oil & Gas Conservation Commission (COGCC) is required to conduct an onsite inspection for proposed wells in Township 32 North, Ranges 5-7 West, Township 33 North, Ranges 6-11 West, and Township 34 North, Ranges 6-10 West, N.M.P.M., south of the Ute Line in cases where the surface owner did not execute a lease or is not party to a surface use or other relevant agreement for the proposed well. In accordance with this Order, the COGCC has scheduled an onsite inspection for May 2, 2006 at 1 p.m. MDT at the proposed Handstedt 07U-01#4 well location in the SWNE Section 7U, T34N R8W N.M.P.M. (SUL). In the event that you or your designated representative cannot attend, please provide an alternate date and time to the COGCC staff no later than April 25, 2006.

Should you have any questions, please call me at (303) 894-2100 ext.114.

Respectfully,

Steven R. Lindblom, P.G.  
Environmental Protection Specialist

cc: David Dillon – COGCC  
Mark Weems - COGCC  
Angie Buchanan - La Plata County  
Chandler Marechal – La Plata County  
Christine Fernstrom – Pinnacle Land Services  
G. Scott Thompson - BP



G. Scott Thompson, CPL

Director Infill Land Operations



BP America Production Company  
380 Airport Road  
Durango, CO 81303

March 29, 2006

**Via Certified Mail, US Mail & Overnight Mail**

Southern Oaks (a pure trust)  
Attention: Mr. Earl E. Rutland  
P. O Box 136  
Putnam Hall, FL 32185

Re: Notice To Drill  
SW/4NE/4 Section 7U, T34N-R8W N.M.P.M. (SUL)  
1153' FWL & 1925' FNL  
Hanstedt GU 07U-01 #4  
La Plata County, Colorado

Direct 970 247 6809  
Fax 970 247 6825  
thompss@bp.com

Dear Mr. Rutland:

Reference is made to your discussions and negotiations (telephone conversations, letters and meetings) with both Pinnacle Land Company and BP America Production Company ("BP") representatives, all of which addressed BP's plans to drill the Hanstedt GU 07U-01 #4 well in the SW/4NE/4 of Section 7U, T34N-R8W (SUL).

As of this date, we have not been able to reach an agreement regarding a legal surface location (and related surface matters) for the proposed well. Therefore, in accordance with Rule 703 (Surface Owner Protection) of the current Colorado Oil And Gas Conservation Commission ("COGCC") Rules and Regulations, BP hereby notifies you of its intent to drill the captioned well in the SW/4NE/4 of Section 7U, T34N-R8W (SUL), La Plata County, Colorado, as shown on the attached plat.

We do not have a firm date for moving the drilling rig on location, but it will not occur prior to April 28, 2006. However, due to rig schedules, weather, irrigation and other unforeseen circumstances, the precise date may change. Please advise regarding specific timing issues that you may have so that we can consider that as a factor in our overall plan for drilling.

Also, notice is hereby given pursuant to COGCC Rule 305. c. (and pursuant to La Plata County Code §90-123) as follows:

1. The estimated start date for drilling operations is April 28, 2006.
2. Operator: BP America Production Company  
380 Airport Road  
Durango, CO 81303  
Contact: G. Scott Thompson (970) 247-6809



3. Well location: SW/4/NE/4 of Section 7U, T34N-R8W N.M.P.M. (SUL), La Plata County, Colorado (please see attached plats).
4. Please be advised that it is the responsibility of the surface owner to notify any tenant of the proposed operations.
5. If you would like to have a consultation regarding the roads, production facilities, and well site, please return the enclosed letter in the postage paid envelope with your preference of day and time, should you wish to meet, regarding the proposed well location.
6. Also, we would appreciate a written response concerning our proposed well location within 30 days from the date you receive this notice.
7. A copy of the COGCC brochure describing surface owner rights and responsibilities is also enclosed for your information.
8. The address for the COGCC is: 1120 Lincoln Street, Suite 801, Denver, CO 80203.

Please note that BP is still agreeable to discussing and working towards an amicable Surface Use Agreement regarding your property. Our preference is to reach a mutually acceptable Surface Use Agreement with you, rather than implement the Rule 703.

It is important to note that for the Hanstedt GU 07U-01 #4 to be drilled at your preferred location, which is described above and shown on the attached plats, a waiver must first be obtained from either the offset landowner due to the county setback requirement, or the county can waive the setback requirement pursuant to the La Plata County Land Use Code.

BP's offer for compensation is two thousand dollars (\$2,000), which shall be paid to Mr. Lee Hanstedt upon BP's receipt of the applicable permits.

If you have any questions, or require additional information, please call me at (970) 247-6809.

Sincerely,

G. Scott Thompson

cc: Angie Buchanan - La Plata County Planning Department  
Mark Weems - Colorado Oil and Gas Conservation Commission (Durango)  
David Dillon - Colorado Oil and Gas Conservation Commission (Denver)  
Chris Wyatt - BP (Houston Legal Dept.)  
Dugan & Associates, P. C. - Durango  
Jeanine Haller-Piskurich - BP (Houston)  
Pinnacle Land Corporation - Durango  
Lee Hanstedt - Durango



January 18, 2006

Mr. Scott Thompson  
BP America Production Company  
380 Airport Road  
Durango, CO 81303

Re: Request For Consultation  
Notice To Drill  
SW/4NE/4 of Section 7U, T34N-R8W (SUL) N.M.P.M.  
1153' FWL & 1925' FNL  
Hanstedt GU 07U-01 #4  
La Plata County, Colorado

Dear Mr. Thompson:

Pursuant to the Colorado Oil And Gas Conservation Commission Rule 306 (Consultation), listed below is our response regarding a consultation for the proposed captioned well.

\_\_\_\_\_ We hereby waive the consultation for the Hanstedt GU 07U-01 #4 well.

\_\_\_\_\_ We do not waive the consultation for the Hanstedt GU 07U-01 #4 well, and we prefer the consultation be held on the \_\_\_\_\_ day of \_\_\_\_\_, 2006.

We can be reached at the following telephone numbers \_\_\_\_\_ if you have any questions.

Sincerely,

By: \_\_\_\_\_  
Earl E. Rutland, Trustee  
Southern Oaks (a pure trust)

Date: \_\_\_\_\_

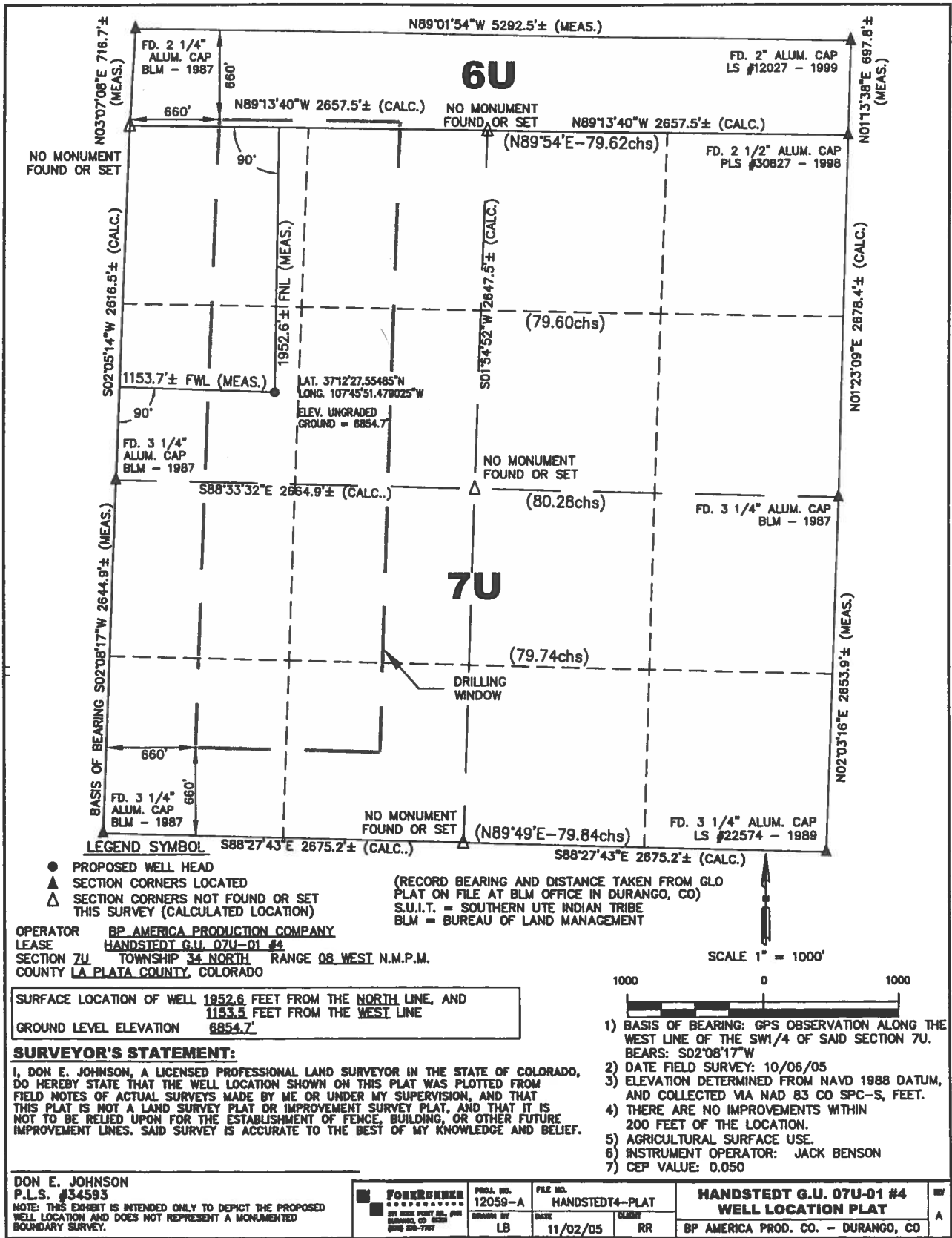


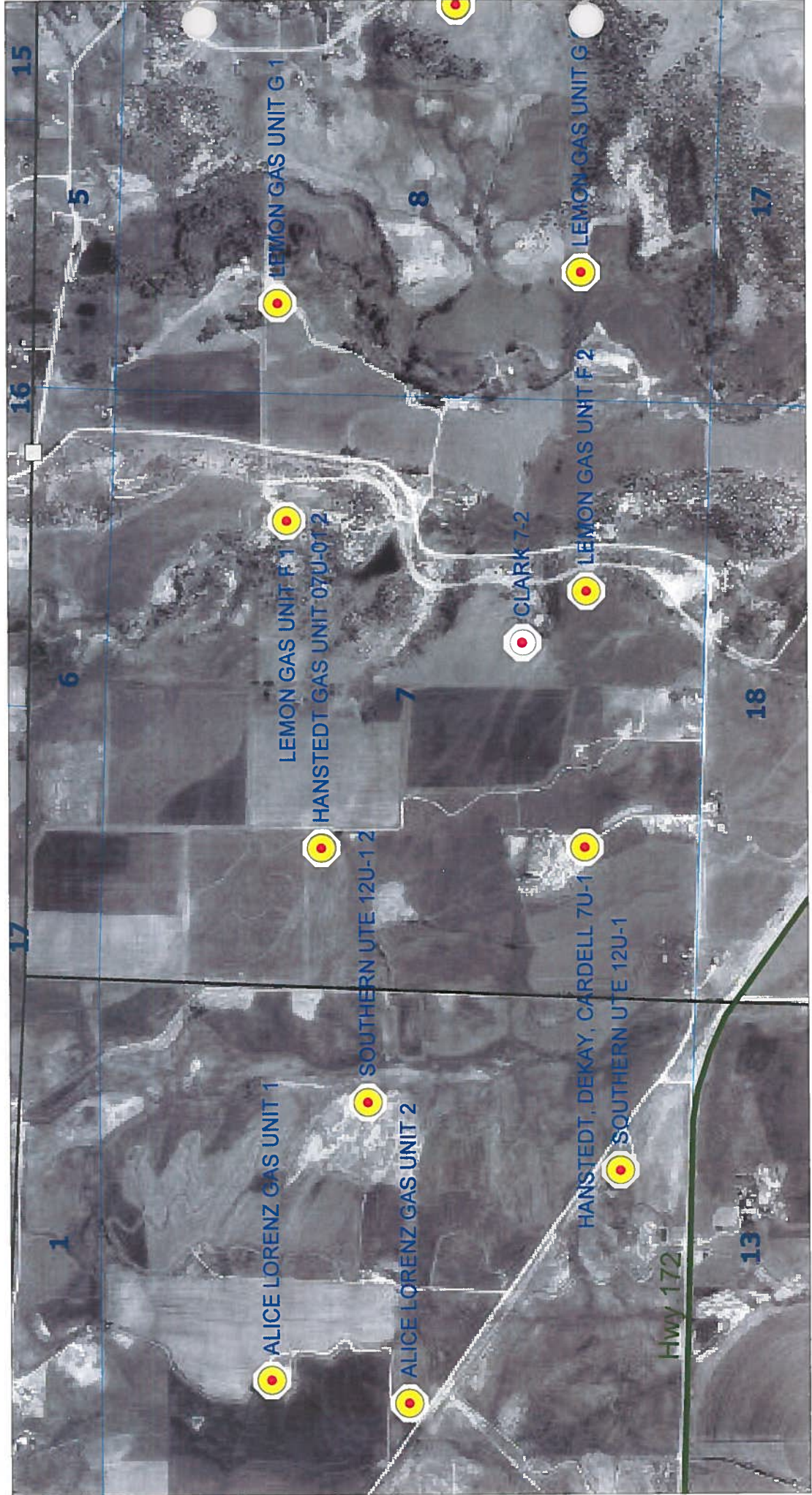
Notice is hereby given pursuant to Colorado Oil and Gas Conservation Commission (“COGCC”) Rule 305.c. (and pursuant to La Plata County Code §90-123), of Operator’s intent to conduct oil and gas drilling operations on the below named Surface Owners’ land at the below described Drillsite, as follows:

- Please Note: It is the responsibility of the surface owner to notify any affected surface tenant of the drilling operations described in this Notice.**

Date Posted At Or Near Drillsite: March 29, 2006

Attachments: Plats depicting location of Drillsite







RECEIVED

MAR 30 05

COGCC



G. Scott Thompson, CPL  
Director Infill Land Operations

BP America Production Company  
380 Airport Road  
Durango, CO 81303

March 29, 2006

Via Certified Mail, US Mail & Overnight Mail

Southern Oaks (a pure trust)  
Attention: Mr. Earl E. Rutland  
P. O Box 136  
Putnam Hall, FL 32185

Re: Notice To Drill  
SW/4SW/4 Section 7U, T34N-R8W N.M.P.M. (SUL)  
1207' FWL & 993' FSL  
Hanstedt GU 07U-01 #3  
La Plata County, Colorado

Direct 970 247 6809  
Fax 970 247 6825  
thompsss@bp.com

Dear Mr. Rutland:

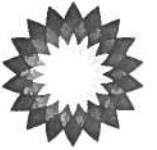
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BP's offer for compensation is two thousand dollars (\$2,000), which shall be paid to Mr. Lee Hanstedt upon BP's receipt of the applicable permits.

If you have any questions, or require additional information, please call me at (970) 247-6809.

Sincerely,

G. Scott Thompson

cc: Angie Buchanan - La Plata County Planning Department  
Mark Weems - Colorado Oil and Gas Conservation Commission (Durango)  
David Dillon - Colorado Oil and Gas Conservation Commission (Denver)  
Chris Wyatt - BP (Houston Legal Dept.)  
Dugan & Associates, P. C. - Durango  
Jeanine Haller-Piskurich - BP (Houston)  
Pinnacle Land Corporation - Durango  
Lee Hanstedt - Durango



March 29, 2006

Mr. Scott Thompson  
BP America Production Company  
380 Airport Road  
Durango, CO 81303

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Notice To Drill  
SW/4SW/4 of Section 7U, T34N-R8W (SUL) N.M.P.M.  
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Southern Oaks (a pure trust)

Date: \_\_\_\_\_

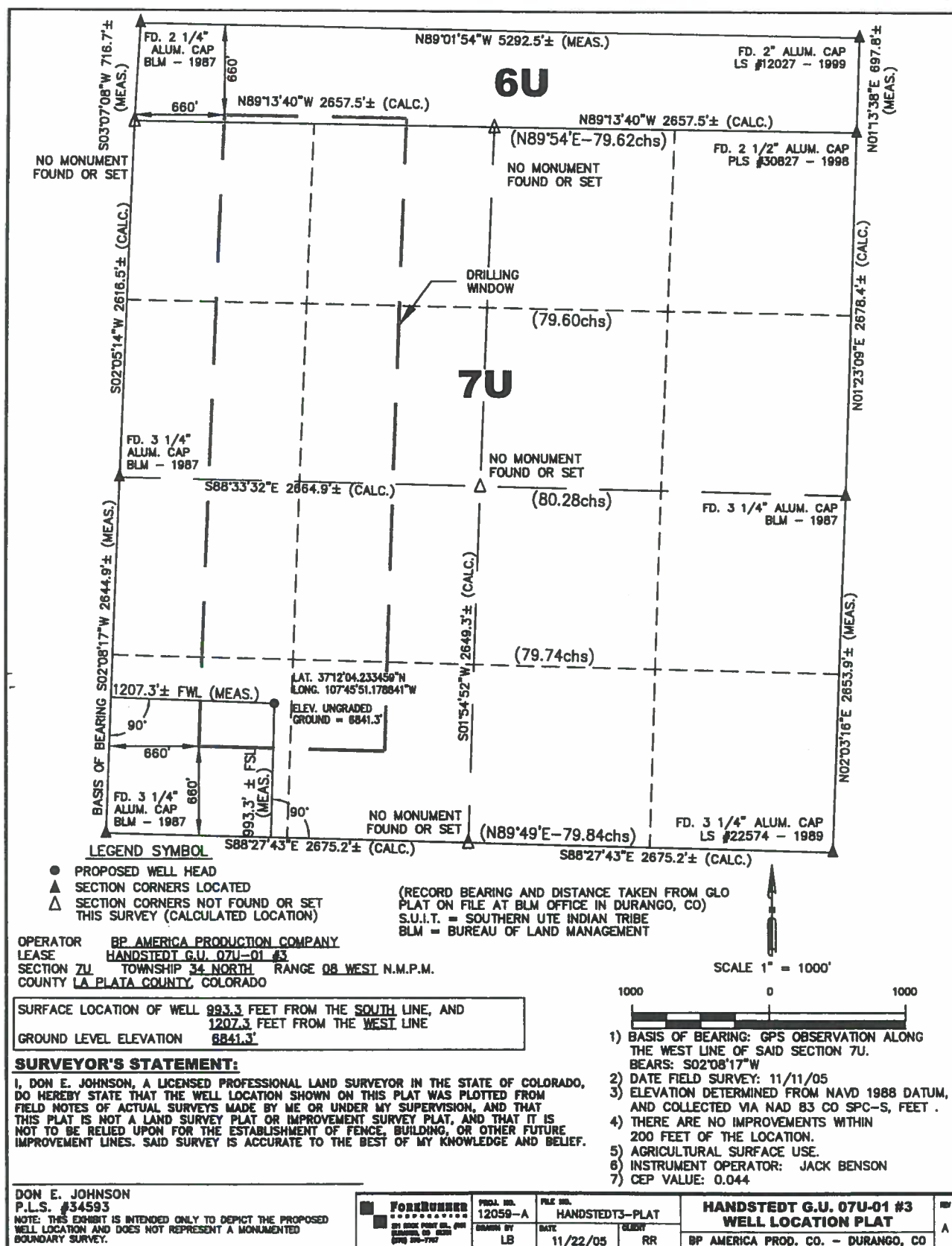


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- Please Note: It is the responsibility of the surface owner to notify any affected surface tenant of the drilling operations described in this Notice.**

**A copy of the COGCC informational brochure for surface owners, containing the rules pertaining to notice of oil and gas operations and opportunities for consultation thereon, as well as the rules of procedure for filing complaints and making applications for hearing, is attached to this Notice. The address for the COGCC is: 1120 Lincoln Street, Suite 801, Denver, CO 80203.**

**Attachments:** Plats depicting location of Drillsite





**Pinnacle Land Services, Inc.**

---

695 E. 4<sup>th</sup> Ave.  
Durango, Colorado 81301

(970) 247-3248

July 20, 2006

**Via US Mail & Certified Mail**

Lee Hanstedt  
3103 CR 222  
Durango, CO 81303

Re: Notice to remove "Inventory"  
Drilling Operations for **Hanstedt GU 07U-01 #3 Well**  
La Plata County, Colorado

Dear Mr. Hanstedt:

Pinnacle represents BP America Production Company ("BP"), in connection with the referenced 80-acre infill well ("Well"), to be drilled from the existing location for the **Hanstedt GU 07U-01 #1 Well** in the W/2 of Section 7U, Township 34 North, Range 8 West, N.M.P.M.

As previously discussed, the Well location needs to be immediately cleared of all "Hanstedt Inventory", in order to prepare the site for drilling this Well. The perimeter which BP needs for its Well operations has been denoted on the surface by survey markers and has been previously discussed with you in person.

Therefore, it is respectfully requested that you please have all "Hanstedt Inventory" cleared from the Hanstedt GU 07U-01 #1 location by August 15, 2006. If you fail to remove the "Inventory" BP will be forced to clear the location at your expense.

If you have any questions regarding this matter, please call me at (970) 247-3248.

Sincerely,

Edward Mora

cc: Scott Thompson – BP (Durango)  
Lee Scarborough – BP (Durango)  
Gary Weitz – BP (Durango)  
Chris Wyatt – Houston Legal Department  
COGCC – Denver  
La Plata County Oil & Gas Planner – Chandler Marechal

**Pinnacle Land Services, Inc.**

695 E. 4<sup>th</sup> Ave.  
Durango, Colorado 81301



(970) 247-3248

July 20, 2006

**Via US Mail & Certified Mail**

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Sincerely,

A handwritten signature in cursive script, appearing to read "Edward Mora".

Edward Mora

cc: Scott Thompson – BP (Durango)  
Lee Scarborough – BP (Durango)  
Gary Weitz – BP (Durango)  
Chris Wyatt – Houston Legal Department  
COGCC -- Denver  
La Plata County Oil & Gas Planner – Chandler Marechal

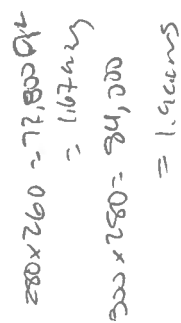



$$\begin{aligned} 220 \times 240 &= 52,800 \text{ ft}^2 \\ &\approx 1.3 \text{ acres} \end{aligned}$$

## NOTES:







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[illegible]

## ATTENDEE SIGN IN

HANSTEDT - BP ONSITE INSPECTION  
LA PLATA COUNTY, SEC 7U T 34N R8W  
HANDSTEDT GU 07U-01 #3 AND #4

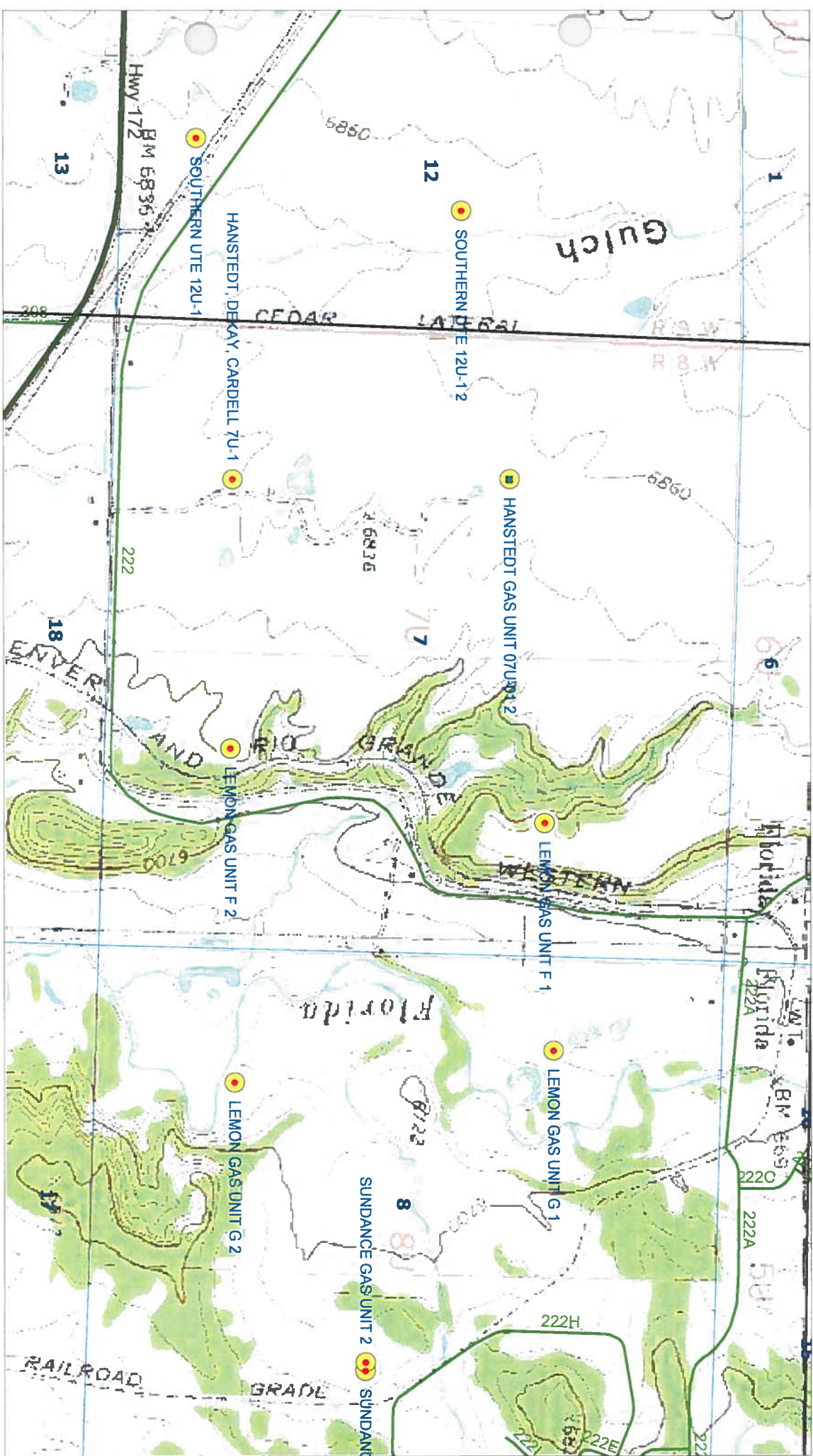
<u>Name</u>	<u>Representing</u>	<u>Telephone</u>
Robert Ryan	Sintra / BP	970-949-1197
Scott Thompson	BP	970-247-6809
Susan Folk	BP	970-375-7514
Edward Mora	Pinnacle	970-247-3249
Lee Scarborough	BP	970-247-6895
Danny Monaghan	BP	970-247-6965
Tom Yelley	Pinnacle	970-385-5999
Mark Weems	COGCC	970-259-4567
Tom Dugan	BP (attorney)	970-259-1770
Chandler Marechal	La Plata Co.	970-382-6288
Christine Fernstrom	Pinnacle	970-385-5999
Roy Roberts	BP	970-375-7581

















COGIS - WELL Information

Scout Card  [Related](#)  [Insp.](#)  [MIT](#)  [GIS](#)  [Doc](#)  [Wellbore](#)  [Order](#)

Surface Location Data for API # 05-067-08363 Status: PR

Well Name/No: [HANSTEDT GAS UNIT 07U-01 #2](#) (click well name for production)  
Operator: BP AMERICA PRODUCTION COMPANY - 10000  
Status Date: 11/20/2000 3:47:50 PM Federal or State Lease #:  
County: LA PLATA #067 Location: SWNW 7 34  
Field: IGNACIO BLANCO - #38300 Footages: 1950 FNL 12  
Elevation: 6,854 ft.  
Lat/Long: 37.207607/-107.764016 Lat/Long Qualifier: Planned base

Wellbore Data for Sidetrack #00 Status: PR 10/31/2000  
Spud Date: 2/21/2001 Spud Date is: ACTUAL

**Wellbore Permit**  
Permit #: 001280 Expiration Date: 11/19/2001  
Prop Depth/Form: 2533 Surface Mineral Owner Same: Y  
Mineral Owner: FEE Surface Owner: FEE  
Unit: Unit Number:  
Formation and Spacing: Code: FRLDC , Formation: FRUITLAND COAL , Order: 112-157 , Unit Acreage: 358, D  
Casing: String Type: SURF , Hole Size: 12.25, Size: 9.625, Top: , Depth: 350, Weight: 32.3  
Cement: Sacks: 115, Top: 0, Bottom: 350, Method Grade:  
Casing: String Type: 1ST , Hole Size: 8.75, Size: 7, Top: , Depth: 2185, Weight: 15.5  
Cement: Sacks: 195, Top: 0, Bottom: 2185, Method Grade:

**Wellbore Completed**  
Completion Date: N/A  
Measured TD: Measured PB depth:  
True Vertical TD: True Vertical PB depth:

Formation	Log Top	Log Bottom
<b>Completed information for formation FRLDC</b>		
<u>1st Production Date:</u> N/A	<u>Choke Size:</u> 0.500	
<u>Status Date:</u> 6/1/2001	<u>Hole Completion:</u> Y	
<u>Commingled:</u> N	<u>Production Method:</u> FLOWING SI,	
<u>Formation Name:</u> FRUITLAND COAL	<u>Status:</u> PR	
<u>Formation Treatment:</u> 11" UNDERREAMED OPENHOLE 2193-2546, PERFORATED TUBING @ 2190-2200, STIMULATION WELL FLOWING NATURAL		
<u>Tubing Size:</u> 2.875	<u>Tubing Setting Depth:</u> 2458	
<u>Tubing Packer Depth:</u>	<u>Tubing Multiple Packer:</u>	
<u>Open Hole Top:</u>	<u>Open Hole Bottom:</u>	
<u>Initial Test Data:</u>		
<u>Test Date:</u> 6/1/2001	<u>Test Method:</u> FLOW BACK	
<u>Gas Disposal:</u> SOLD		

Test Type	Measure
BBLS_H2O	300
BTU_GAS	920
CASING_PRESS	365
MCF_GAS	475

TUBING\_PRESS 175  
**No Perforation Data was found for formation FRLDC .**

blom, Steven

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**From:** Lindblom, Steven  
**Sent:** Friday, April 21, 2006 2:09 PM  
**To:** 'Angie Buchanan'; Weems, Mark; Chandler Marechal  
**Cc:** Dillon,David; Macke, Brian; Lindblom, Steven  
**Subject:** RE: Handstedt wells

Just to let you know, receipt of the certified letter I sent to Mr. Earl Rutland regard the onsite inspection for the Handstedt wells was refused. After consultation with the Director, COGCC feels that reasonable efforts have been made to contact the surface owner and we will have the onsite inspection as scheduled, Tuesday May 2 at 1:00 p.m. Scott Thompson with BP will contact Mr. Handstedt, the tenant on the property, and invite him to attend.

If you have any questions, feel free to contact me.

Steve

Steven R. Lindblom, P.G.  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, CO 80203  
Tel: (303) 894-2100 Ext. 114  
Fax: (303) 894-2109

4/21/2006



DEPARTMENT OF NATURAL  
RESOURCES

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## Memorandum

**To:** Hanstedt GU 07U-01 #3 and #4 File  
**From:** Steven Lindblom – Onsite Inspection Specialist  
**CC:** Mr. Earl Rutland – Southern Oaks Trust  
Mr. Scott Thomson – BP America  
Mr. Chandler Marechal – La Plata County  
Mr. David Dillon - COGCC  
**Date:** May 31, 2006  
**Re:** Hanstedt – BP America Onsite Inspection Hanstedt GU07U-01 #3 and #4

---

This Memorandum summarizes discussions and developments regarding BP America (BP) wells Hanstedt GU07U-01 #3 and #4 that occurred during the Hanstedt Onsite Inspection in Section 7U, Township 34N, Range 8W in La Plata County between approximately 1:00 p.m. and 3:00 p.m. on May 2, 2006. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), La Plata County, BP, and the tenant occupant of the property. The property owner, the Southern Oaks Trust represented by Mr. Earl Rutland, did not attend, despite repeated attempts at notification. A complete list of attendees and contact information is included with this Memorandum as Attachment 1.

After an introduction and overview of the onsite inspection policy as outlined in Cause 112, Orders 156 and 157 by COGCC, discussions focused particularly on the proposed location of the Hanstedt 07U-01 #3 well, concerns regarding the proposed location, and related issues.

### PROPOSED LOCATION

BP representatives explained that the well was staked within the COGC approved drilling window such that it would twin the Hanstedt GU #1 well and would be located 90 feet west of the existing well head. The Hanstedt GU07U-01 #3 is proposed to be drilled from the existing Hanstedt GU #1 well pad, in accordance with COGCC Cause 112, Order 180. Similarly, the Hanstedt GU07U-01 #4 will twin the Hanstedt GU07U-01 #2 well is proposed to be drilled from that pad.

In order to accommodate the Hanstedt GU07U-01 #3, BP will require that the pad area around the Hanstedt GU #1 well be cleared of encroaching inventory from the Hanstedt salvage operation and the pad area be expanded to encompass a total of 2.2 acres. Per BP, this pad size is typical for locations in which two Fruitland Coal wells are drilled from the same pad. In most instances, the pad would undergo interim reclamation and would be reduced to 1.1 acres, which is sufficient to accommodate recompletion and workover rigs. It is not sufficient size, however, to accommodate a full scale drilling rig on the location. Given the history of salvage inventory encroaching onto the well pad at the Hanstedt GU #1 well, BP noted that they planned to request from the COGCC permission to maintain a fence around the entire 2.2 acres so that a rig could be moved onto the location on short notice, if required. Interim reclamation would be conducted within the fenced area.



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The Hanstedt GU07U-0-1 #4 would also initially require a 2.2 acre pad. However, given that this location is outside the area where salvage inventory is stored, interim reclamation would be conducted to reduce the pad size to 1.1 acres and no fencing would be required.

#### CONCERNS

Mr. Hanstedt expressed several concerns regarding the Hanstedt GU07U-01 #3. These included:

1. The contract language in the Surface Use Agreement provided by BP, to his understanding, held him liable for activities and operations on the well pad. Mr. Dugan produced a copy of the Agreement and noted that, in fact, the contract language did not hold Mr. Hanstedt liable.
2. The magnitude of compensation was inadequate, given the amount of proposed surface disturbance. COGCC staff noted that such discussions were outside the scope of the Onsite Inspection and COGCC jurisdiction.
3. That the staked locations appeared to have changed and that it appeared that the size of the pad had increased since a previous conversation with BP. BP responded that the pad size had not changed, and went on to explain the meaning of the staked points, pointing out the corners of the 2.2 acre drilling pad and proposed fence and the 1.1 acre pad that would remain after interim reclamation.
4. That the size of the Hanstedt GU07U-01 #3 well pad would interfere with his ability to access various parts of his property, particularly with a fence around the entire 2.2 acres. Subsequent discussions between COGCC, La Plata County, BP, and Mr. Hanstedt focused on ways to minimize this impact. Mr. Hanstedt requested that gates be placed at several locations along the fence to allow him access through the well pad. Other suggestions included construction of access roads around the pad, a reduction in the area proposed for fencing, and elimination of interim reclamation.

#### CONCLUSION

At the conclusion of the Onsite Inspection, it was agreed that discussions toward a surface use agreement would continue between Mr. Hanstedt, Mr. Rutland, the attorney representing the Southern Oaks Trust, and BP. COGCC noted that the progress of these discussions would not affect the permitting process for the Hanstedt GU07U-01 #3 and #4 wells. In addition it was tentatively agreed that a permanent 240 foot by 300 foot well pad would be constructed to accommodate the Hanstedt GU07U-01 #3 well. Interim reclamation would not take place; rather the gravel and pad material would be left in place and would serve as a 20-foot wide access road around the north, east and south sides of the pad. A permanent fence would be constructed around a 220 foot by 260 foot area encompassing the Hanstedt GU07U-01 #3 and Hanstedt GU #1 wellheads and other surface facilities. COGCC requested that BP provide a diagram showing the well locations and proposed pad dimensions.





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[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

## Attachment 1 Attendees and Contact Information

Name	Representing	Telephone Number
Robert Ryan	Sierra/BP	(970) 749-1197
Scott Thompson	BP	(970) 247-6809
Susan Folk	BP	(970) 375-7514
Edward Mara	Pinnacle	(970) 247-3248
Lee Scarborough	BP	(970) 247-6899
Danny Mondragon	BP	(970) 247-6965
Tom Yaley	Pinnacle	(970) 385-5999
Mark Weems	COGCC	(970) 259-4587
Tom Dugan	BP	(970) 259-1770
Chandler Marechal	La Plata County	(970) 382-6288
Christine Fernstrom	Pinnacle	(970) 385-5999
Roy Roberts	BP	(970) 375-7581
Lee Hanstedt	Tenant Occupant	
Steven Lindblom	COGCC	(303) 894-2100 x 114



DEPARTMENT OF NATURAL RESOURCES

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April 12, 2006

Mr. Earl Rutland  
Southern Oaks Trust.  
P.O. Box 136  
Putnam Hall, Florida 32185

RE: Onsite Inspection  
Handstedt GU 07U-01 #3 and Handstedt GU 07U-01 #4  
Section 7U, Township 34N, Range 8W  
La Plata County, Colorado

Dear Mr. Rutland:

Under Cause 112 Order 157, the Colorado Oil & Gas Conservation Commission (COGCC) is required to conduct an onsite inspection for proposed wells in Township 32 North, Ranges 5-7 West, Township 33 North, Ranges 6-11 West, and Township 34 North, Ranges 6-10 West, N.M.P.M., south of the Ute Line in cases where the surface owner did not execute a lease or is not party to a surface use or other relevant agreement for the proposed well. In accordance with this Order, the COGCC has scheduled an onsite inspection for May 2, 2006 at 1 p.m. MDT at the proposed Handstedt 07U-01#4 well location in the SWNE Section 7U, T34N R8W N.M.P.M. (SUL). In the event that you or your designated representative cannot attend, please provide an alternate date and time to the COGCC staff no later than April 25, 2006.

Should you have any questions, please call me at (303) 894-2100 ext.114.

Respectfully,

Steven R. Lindblom, P.G.  
Environmental Protection Specialist

cc: David Dillon – COGCC  
Mark Weems - COGCC  
Angie Buchanan - La Plata County  
Chandler Marechal – La Plata County  
Christine Fernstrom – Pinnacle Land Services  
G. Scott Thompson - BP