

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	)	Docket No. 180300123
IGANCIO-BLANCO FIELD, LA PLATA	)	
COUNTY, COLORADO	)	Type: SPACING

APPLICATION

BP America Production Company, Operator No. 10000 ("Applicant"), respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to vacate two existing 320-acre drilling and spacing units and establish a single 640-acre drilling and spacing unit with up to two (2) additional horizontal wells in the unit, for the production of gas and associated hydrocarbons from the Fruitland Coal Formation, on the following described lands:

Township 34 North, Range 6 West, N.M.P.M. (S.U.L.)  
Section 17: All

La Plata County, Colorado (hereafter the "Application Lands").

A map of the Application Lands is attached as Exhibit A.

In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado and is an operator in good standing with the Commission.
2. Applicant owns a 100% leasehold interest in the Application Lands and is eligible to apply for the relief requested herein pursuant to Rule 503.b.
3. On June 17, 1988, Order No. 112-60 established 320-acre drilling and spacing units for certain lands including the Application Lands for the production of gas from the Fruitland coal seams, with the permitted well to be located no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line, for the production of methane gas from the Fruitland coal seams.<sup>1</sup>

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<sup>1</sup> Applicant notes that certain historical COGCC orders covering the Application Lands refer to the "Fruitland coal seams." It is Applicant's understanding that the Fruitland coal seams and the Fruitland Coal Formation are one in the same and references to each shall be used interchangeably.

4. On August 15, 1988, Order No. 112-61 amended parts of Order No. 112-60 and established rules for the production of coalbed methane for certain lands including the Application Lands in the Fruitland coal seams, with the productive interval of the wellbore to be no closer than 990 feet to any outer boundary of the unit, and no closer than 130 feet to any interior quarter section line, without exception granted by the Director.

5. On December 17, 1990 (Corrected November 7, 1999), Order No. 112-85 established additional field rules for certain lands including the Application Lands for the development and operation of the Fruitland coal seams.

6. On December 1, 2003, Order No. 112-170 authorized the drilling of two wells, the Secord 17U-34-6 #1 Well (API 05-067-09009), a production well, and the Secord 17U-34-6 #1X (API 05-067-09008), a service well, with the permitted horizontal laterals to be located no closer than 660 feet to the exterior boundaries of the section, with no interior quarter section line setbacks, and no setback between completed intervals of the wells, for the development and operation of the Fruitland coal seams.

7. Order No. 112-170 included contingent language providing that if applicant was unable to "secure a communitization agreement covering all of Section 17U . . . [applicant] requests that Section 17U be designated as one 640-acre drilling and spacing unit." The application underlying Order No. 112-170 notes that it was filed in the event that consent from owners of contiguous and cornering units could not be timely obtained to develop two 320-acre units as one. See October 10, 2003 *Application of CDX Gas, LLC*.

8. A federal Communitization Agreement, COC 67460 ("CA"), was secured for the Application Lands, effective October 22, 2003. The Secord 17U-34-6 #1 Well authorized by Order 112-170 was completed on July 4, 2005 and production was allocated on a 640-acre basis pursuant to the terms of the CA.

9. On December 9, 2008, Order No. 112-215, among other things, approved up to four wells in established 320-acre drilling and spacing units for certain lands, including the Application Lands, with the permitted well to be located no closer than 660 feet from the unit boundary, for the production of gas and associated hydrocarbons from the Fruitland coal seams.

9. Applicant requests that the Commission vacate the existing 320-acre drilling and spacing units and establish a 640-acre drilling and spacing unit for the Application Lands and authorize up to two additional (2) horizontal wells in the unit, for the production of gas and associated hydrocarbons from the Fruitland Coal Formation.

10. Applicant requests that the productive intervals of the proposed Secord 17U-34-6 No. 2 Well (API No. pending) and proposed Secord 17U-34-6 No. 3 Well (API No. pending) (collectively "Wells") be located no closer than 660 feet from the boundary of the proposed unit with no internal section line setbacks.

11. Applicant requests that there should be no setbacks established between the productive intervals of the proposed Secord 17U-34-6 No. 2 Well (API No. pending) and proposed Secord 17U-34-6 No. 3 Well (API No. pending) (collectively "Wells") and no setbacks established between the productive intervals of the Wells and the Secord 17U-34-6 #1 and #1X due to the complex geometry and open-hole completions of the existing laterals.

13. The Wells will be drilled from an existing surface location which will be expanded to accommodate two additional Wells requested herein.

14. Applicant seeks a 640-acre unit because the CA governs the allocation of production for the Secord 17U-34-6 #1 Well that is currently producing in the Application Lands on a 640-acre basis. Further, the proposed spacing unit will prevent waste, protect correlative rights, avoid the drilling of unnecessary wells, and ensure the maximum efficient recovery of oil, gas and associated hydrocarbons from the Fruitland Coal Formation, while minimizing additional surface disturbance.

15. In addition, the size and configuration of the proposed unit is not smaller than the maximum area that can be economically and efficiently drained by the Wells.

16. Pursuant to Rule 503.e, the undersigned certifies that copies of this Application shall be served on each interested party listed on Exhibit B, as identified by Rule 507.b.(1) and 507.c., no later than seven days after this Application is filed.

17. Applicant agrees to be bound by the oral order of the Commission.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, notice be given as required by law and that upon such hearing this Commission enter its order:

- A. Vacating existing 320-acre drilling and spacing units.
- B. Establishing a 640-acre drilling and spacing unit, with up to two additional horizontal wells in the unit, for the production of gas and associated hydrocarbons from the Fruitland Coal Formation;
- C. Establishing that the productive intervals of the Wells shall be located no closer than 660 feet from the boundary of the proposed unit with no internal section line setbacks, and no closer than 150 feet from the productive interval of any other well producing in the Fruitland Coal formation, except that there shall be no setback between the Wells or between the Wells and the Secord 17U-34-6 #1 and #1X;
- D. For such other findings and orders as the Commission may deem proper or advisable in the matter.

Dated: December 18, 2017

By: 

Elizabeth Y. Spencer  
Lead Counsel – West BU  
BP America Production Company  
4515 Arapahoe Street  
Tower 1, Suite 700  
Denver, Colorado 80202  
(832) 619-2442  
elizabeth.spencer@bp.com

Address of Applicant  
BP America Production Company  
Attn: Land Manager  
737 N. Eldridge Parkway  
Houston, Texas 77079

VERIFICATION

STATE OF TEXAS                                 )  
  )  
COUNTY OF HARRIS                         )     ss.

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

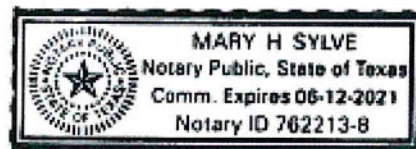
  
Debra Bacon

Subscribed and sworn to before me this 14th day of December, 2017.

Witness my hand and official seal.

My commission expires: 6/12/2021

  
Notary Public



# EXHIBIT A

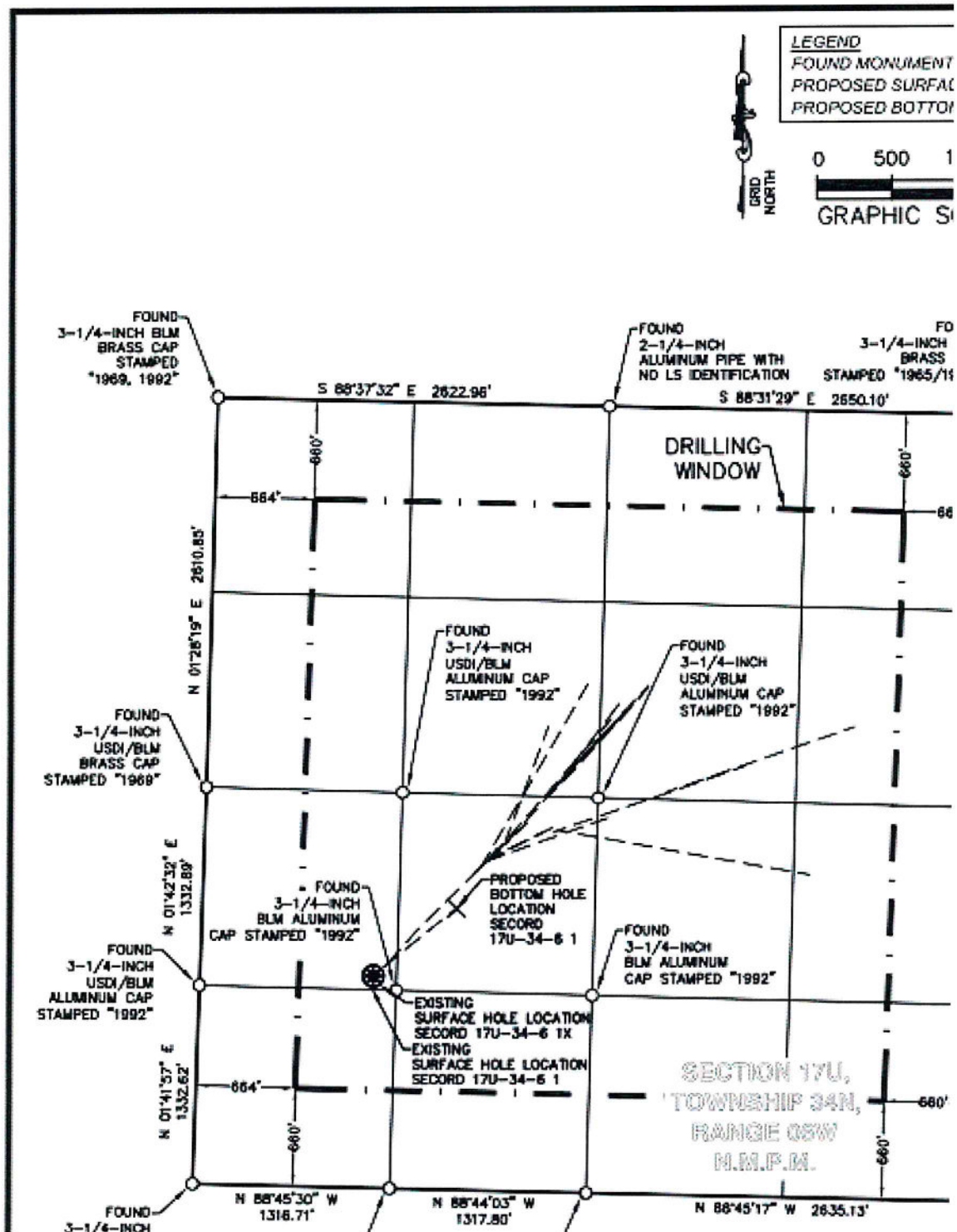


EXHIBIT B  
Interested Party List

BP America Production Company  
737 N. Eldridge Parkway  
Houston, Texas 77079

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

IN THE MATTER OF THE  
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Cause No. 112

Docket No. 180300123

Type: SPACING

CERTIFICATE OF MAILING

I, Elizabeth Y. Spencer, hereby certify that I am an attorney for BP America Production Company and that on or before December 19, 2017, I shall have caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B, attached hereto.

Dated: December 19, 2017.



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Elizabeth Y. Spencer