

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

IN THE MATTER OF THE APPLICATION OF
PRESKO, INC. FOR AN ORDER ESTABLISHING
SPACING AND WELL LOCATION RULES FOR
THE WILLIAMS FORK FORMATION OF THE
MESAVERDE GROUP FOR CERTAIN
DESCRIBED LANDS IN THE RULISON FIELD
AREA, GARFIELD COUNTY, COLORADO

CAUSE NO. 139

DOCKET NO. _____

APPLICATION

COMES NOW Presko, Inc. ("Applicant"), a Delaware corporation, by its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order establishing spacing rules applicable to the drilling and producing of wells from the Williams Fork Formation of the Mesaverde Group covering certain described lands in the Rulison Field area, Garfield County, Colorado and in support of its application states and alleges as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. That Applicant owns a leasehold interest in all or a portion of the following described lands (hereinafter "Application Lands"):

Township 7 South, Range 94 West, 6th P.M.

Section 19: Lot 4, SESW, W/2SWSE

Section 29: All

Section 30: All

Section 31: All

Section 32: All

Township 7 South, Range 95 West, 6th P.M.

Section 24: Lots 14, 15, 16, 20

Section 25: All

Section 26: All

Section 27: Lot 1, S/2NENW, SENW, SWNE, N/2NESW, NWSE, E/2E/2

Section 33: All

Section 34: All

Section 35: All

Section 36: All

Township 8 South, Range 95 West, 6th P.M.

Section 3: Lots 6, 7, 8, 10

Section 4: Lots 6, 7, 8, 9, 10
 Section 5: Lot 9
 Section 8: E/2E/2E/2, SESWSE, SWSESE
 Section 9: All
 Section 10: W/2, W/2E/2, W/2E/2E/2
 Section 14: SWNWNW, W/2SWNW, W/2NWSW, SENWSW, SWNESW, N/2SWSW, NWSESW
 Section 15: W/2NENE, SENENE, W/2NE, SENE, NW, N/2S/2, N/2S/2S/2
 Section 16: N/2N/2, N/2S/2N/2, Lots 2, 3, 7, 8, 9, 10, 11, 12, 13, 14
 Section 17: NENE, E/2NWNE, NESWNE, N/2SENE, Lot 8

3. That the following Application Lands are subject to the Commission's Order No. 139-16 which established 640 acre drilling and spacing units for production from the Mesaverde Formation covering certain lands including the following described Application Lands:

Township 7 South, Range 94 West, 6th P.M.

Section 30: All
 Section 31: All

Township 7 South, Range 94 West, 6th P.M.

Section 25: All
 Section 26: All
 Section 35: All
 Section 36: All

4. That the Application Lands described in paragraph 3 above also were approved for forty (40) acre density drilling for the Williams Fork Formation pursuant to the Commission's Order No. 139-43.

5. That the remainder of the Application Lands described as follows are not spaced but are subject to the Commission's Rule 318 (formerly Rule 316):

Township 7 South, Range 94 West, 6th P.M.

Section 19: Lot 4, SESW, W/2SWSE
 Section 29: All
 Section 32: All

Township 7 South, Range 95 West, 6th P.M.

Section 24: Lots 14, 15, 16, 20
 Section 27: Lot 1, S/2NENW, SENW, SWNE, N/2NESW, NWSE, E/2E/2
 Section 33: All
 Section 34: All

Township 8 South, Range 95 West, 6th P.M.

Section 3: Lots 6, 7, 8, 10

Section 4: Lots 6, 7, 8, 9, 10

Section 5: Lot 9

Section 8: E/2E/2E/2, SESWSE, SWSESE

Section 9: All

Section 10: W/2, W/2E/2, W/2E/2E/2

Section 14: SWNWNW, W/2SWNW, W/2NWSW, SENWSW, SWNESW, N/2SWSW, NWSESW

Section 15: W/2NENE, SENENE, W/2NE, SENE, NW, N/2S/2, N/2S/2S/2

Section 16: N/2N/2, N/2S/2N/2, Lots 2, 3, 7, 8, 9, 10, 11, 12, 13, 14

Section 17: NENE, E/2NWNE, NESWNE, N/2SENE, Lot 8

6. That numerous wells have been drilled, tested and completed in the Williams Fork Formation of the Mesaverde Group upon lands in the Rulison Field area including lands which are on or near the Application Lands.

7. That to promote efficient drainage within the Williams Fork Formation of the Mesaverde Group of the Application Lands, the Commission should increase the number of wells which can be drilled into and produced from the Williams Fork Formation of the Application Lands to the equivalent of one Williams Fork well per ten (10) acres.

8. That as to the Application lands committed to 640 acre drilling and spacing units as described in paragraph 3 above, the permitted downhole location for each Williams Fork well drilled thereon should be located anywhere within the unit but no closer than 100 feet from the unit boundary unless such boundary abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill ten (10) acre density wells in which event the well should be drilled downhole no closer than 200 feet from that portion of the unit boundary which so abuts or corners the lands in respect of which ten (10) acre density downhole drilling for Williams Fork wells has not been ordered by the Commission.

9. That as to the Application Lands which are subject to Rule 318 and which are listed in paragraph 5 above, the Commission should allow all future Williams Fork wells drilled thereon to be located downhole anywhere upon such lands but no closer than 100 feet from the lease boundary unless such boundary abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill ten (10) acre density wells in which event the Williams Fork wells to be drilled upon such Application Lands should be drilled downhole no closer than 200 feet from that portion of the lease boundary which so abuts or corners the lands in respect of which ten (10) acre density downhole drilling for Williams Fork wells has not been ordered by the Commission.

10. That wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section unless exception is granted by the Colorado Oil and Gas Conservation Commission.

11. Applicant confirms that this application is not intended to change or revise in any way the provisions of the Commission's Order 139-43 relative to drilling within one half mile of the Austral Oil Hayward #25-95 (R-E) Well in Lot 11 of the NE/4SW/4 of Section 25, Township 7 South, Range 95 West, 6th P.M.

12. That the above-proposed spacing and downhole well location rules will allow more efficient drainage of the Williams Fork Formation of the Mesaverde Group; will not promote waste; will not violate correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

13. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in December 2005, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this _____ day of October, 2005.

POULSON, ODELL & PETERSON, LLC

By: _____
William A. Keefe
1775 Sherman Street, Suite 1400
Denver, Colorado 80202
(Phone) 303-861-4400
(Fax) 303-861-1225

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MONTGOMERY)

Kim Bennetts, being first duly sworn upon oath, deposes and says that he is the Vice President of Exploration for Presco, Inc. and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Kim Bennetts

Subscribed and sworn to before me this _____ day of October, 2005.

Witness my hand and official seal.

My commission expires: _____

Notary Public

IN THE MATTER OF THE APPLICATION OF
PRESCO, INC. FOR AN ORDER ESTABLISHING
SPACING AND WELL LOCATION RULES FOR
THE WILLIAMS FORK FORMATION OF THE
MESAVERT DE GROUP FOR CERTAIN
DESCRIBED LANDS IN THE RULISON FIELD
AREA, GARFIELD COUNTY, COLORADO

DOCKETNO. _____

STATE OF COLORADO)
) ss
CITY AND COUNTY OF DENVER)

That he is the attorney for Presco, Inc., that on October____, 2005, of the attached Application in the subject docket to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

My commission expires: July 22, 2007.

Notary Public

EXHIBIT A

Doug Dennison
Garfield County
144 E. 3rd
Rifle, CO 81650

Bureau of Land Management
ATTN: Duane Spencer
2805 Youngfield Street
Lakewood, CO 80215

Presco
4-D Energy Incorporated
1313 N. Webb Road, Suite 100
Wichita, KS 67206

Amon Jones
6100 Riza Avenue, Space 8
Sacramento, CA 95823

Apollo Energy, LLC
ATTN: Lou Oswald
1557 Odgen Street, Suite 300
Denver, CO 80218

William Baylor Bennett
P.O. Box 566
Harvey, LA 70059

Bernklau Family LLC
Road 309
Rifle, CO 81650

Peter Bloomfield
c/o Eugene Speakman
96 Concord Steam Corp.
P.O. Box 2520
Concord, NH 03302-2520

Genesis Gas & Oil LLC
817 W. 10th Street, #420
Overland Park, KS 66210

Harold & Kay Bumgardner
415 RBC 26 Road
Rifle, CO 81650

Chevron U.S.A. Inc.
Orval F. Baldwin
P.O. Box 36366
Houston, TX 77236

Cypress Land Acquisition, LLC
Jessie L. White
2432 W. 82nd Place, Unit 1
Westminister, CO 80031

Clarence D. & Joan Ehrlich
230 Walnut Avenue
Grand Junction, CO 81507

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, CO 80202

David L. & Kimberly Furr
230 Walnut Avenue
Grand Junction, CO 81507

David Lewis Furr
P.O. Box 186
De Beque, CO 81630

Gasco, Inc.
P.O. Box 28304
Lakewood, CO 80228-8304

Burlington Northern Santa Fe
Property Management
2500 Lou Menk Drive, AOB 3
Fort Worth, Texas 76131

EnCana Oil & Gas (USA) Inc.
950 17th Street
Denver, CO 80202

Ethel J. Gardner
Parker, Verda 4/10
P.O. Box 432
Parachute, CO 81635

Kenneth G. & Christi M. Hagen
3400 E. 64th Avenue
Commerce City, CO 80022

Craig L. Hayward
1650 38th Street, Suite 101 W
Boulder, CO 80301

Judith R. Hayward
180 S. Second Street
Parachute, CO 81635

Harry Hoag
13712 E. Sunkist Drive, #203
La Puente, CA 91746

Marcia H. & Wesley K. Kent
1394 Firethorn Drive
Rifle, CO 81650

Cristy Koeneke
8065 Marshall Court
Arvada, CO 80003

Walter F. Lemon Estate
Ronald M. Wilson, Administrator
210 10th Street
Glenwood Springs, CO 81601

May Energy Partners Ltd.
5100 LBJ Freeway, Suite 800
Dallas, TX 75240

Noble Energy, Inc.
100 Glenborough Dr. Suite 100
Houston, TX 77067

Petrogulf Corporation
Land Dept.
518 17th Street, Suite 1455
Denver, CO 80202

Joan L. Savage
5953 CR-320
Rifle, CO 81650

Fred S. Sefcovic
617 County Road 113
Carbondale, CO 81623

SW Production Company
1675 Larimer Street, Suite 820
Denver, CO 80202

USDA Forest Service
White River National Forest
ATTN: Larry Sandoval
Rifle RD
0094 CR-244
Rifle, CO 81650

Charles M. Barnett, Jr. Trust
Catherine Sitzler & Nat'l Bank of New Jersey,
Trustee
1 Elm Street
Westfield, NJ 07090

Carl E. Weldon
P.O. Box 846
Martin, Tenn 38237-0846

May Energy Partners Ltd.
c/o Pure Resources – Land Dept.
500 W. Texas, Suite 200
Midland, TX 79701

Williams RMT Production Co.
Annette Apperson
Tower 3, Suite 1000
1515 Arapahoe Street
Denver, CO 80202

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Myco Industries, Inc.
105 South Fourth Street
Artesia, NM 88210

ABO Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Yates Drilling Corporation
105 South Fourth Street
Artesia, NM 88210

Howard Nichols
c/o D'Wayne Sherwood
17725 E. San Carlos Way
Gilbert, AZ 85297

Howard Nichols
c/o D'Wayne Sherwood
17630 Chandler Heights
Higley, AZ 85237

Maralex Resources, Inc.
ATTN: Mickey O'Hare
P.O. Box 338
Ignacio, CO 81137