

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

IN THE MATTER OF THE APPLICATION)	
OF PICEANCE GAS RESOURCES, LLC)	
AND PETROLEUM DEVELOPMENT)	
CORPORATION FOR AN ORDER)	
ESTABLISHING SPACING AND WELL)	Cause No. 510
LOCATION RULES FOR THE WILLIAMS)	Docket No. _____
FORK FORMATION OF THE MESAVERDE)	
GROUP FOR CERTAIN DESCRIBED)	
LANDS IN THE GRAND VALLEY FIELD,)	
GARFIELD COUNTY, COLORADO)	

AMENDED APPLICATION

Piceance Gas Resources, LLC and Petroleum Development Corporation (“Applicants”), by and through their attorneys, Beatty & Wozniak, P.C., respectfully submit this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order establishing field rules applicable to the drilling and producing of wells from the Williams Fork Formation of the Mesaverde Group covering certain described lands in the Grand Valley Field, Garfield County, Colorado and in support of their Application state and allege as follows:

1. Applicants are business entities duly authorized to conduct business in the State of Colorado.

2. Applicants own leasehold interests in the lands described as follows:

Township 5 South, Range 96 West, 6th P.M.

Section 19: S/2
Section 20: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: S/2
Section 35: S/2

Township 6 South, Range 97 West, 6th P.M.

Section 1: S/2
Section 2: S/2
Section 11: All
Section 12: All
Section 13: All
Section 14: S/2
Section 21: All
Section 22: All
Section 28: All
Section 33: All

Township 6 South, Range 96 West, 6th P.M.

Section 5: N/2
Section 6: All
Section 18: All

Garfield County, Colorado.

(hereafter the “Application Lands”).

3. That some of the Application Lands are subject to previous Orders of the Commission designating setbacks and allowable densities for well drilling (but do not establish drilling and spacing units *per se*), and some of the Application Lands are subject to the Commission's Rule 318.a. governing locations of wells on unspaced lands, as set forth in paragraph 6 below.

4. That the following described Application Lands are subject to the Commission's Order No. 510-11, which provides for optional drilling of wells equivalent to one per 10 acres with the permitted wells to be located anywhere within the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director, except that with respect to units abutting or cornering lands for which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density wells, the well shall be located downhole no closer than 200 feet from the boundary or boundaries of the drilling unit so abutting or cornering such lands:

Township 6 South, Range 96 West, 6th P.M.
Section 5: All
Section 6: All
Section 18: All

5. That the following described Application Lands are subject to the Commission's Order No. 510-13, which provides for optional drilling of wells equivalent to one per 10 acres, with the permitted wells to be located anywhere within the Application Lands but no closer than 100 feet from any lease line without exception being granted by the Director, except that (1) with respect to lease lines abutting or cornering lands for which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density wells, the well shall be located downhole no closer than 200 feet from the lease line so abutting or cornering such lands, and (2) no more than four Williams Fork wells should be drilled downhole per governmental quarter quarter section:

Township 5 South, Range 96 West, 6th P.M.
Section 33: N/2 N/2, less and except the West 32 rod of the NW/4
NW/4 containing 16 acres, more or less
Section 35: All

6. That the remainder of the Application Lands are subject to Commission Rule 318.a. which requires that wells drilled in excess of two thousand five hundred (2,500) feet in depth be located not less than six hundred (600) feet from any lease line, and located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

7. That Applicants have drilled, tested and completed multiple wells in the Williams Fork Formation of the Mesaverde Group upon the Application Lands and/or other nearby lands.

8. That the allowable well density in much of the lands adjacent to the Application Lands is consistent with the requested density in this Application, pursuant to various orders of the Commission including Order Nos. 510-11 and 510-13.

9. That the following 3 wells are to be excepted from any order to be granted herein as they are stand alone wellbores owned by Jelco Energy, Inc. separately from any interests in the leases or spacing units to be proposed herein. Such excepted wellbores are identified as follows:

CSOC #697-22, NE/4, Section 22, Township 6 South, Range 97 West
CSOC #697-14, SW/4, Section 14, Township 6 South, Range 97 West
CSOC #697-12, SW/4, Section 12, Township 6 South, Range 97 West

10. That to promote efficient drainage within the Williams Fork Formation of the Mesaverde Group of the Application Lands, to protect correlative rights and to avoid

waste, the Commission should establish drilling and spacing units of approximately 320 acres, at the option of the operator to designate, as of the first well drilled in each drilling and spacing unit, whether each unit is a “standup” unit (E/2 and W/2) or a “laydown” unit (N/2 and S/2), and increase the number of wells which can be optionally drilled into and produced from the Williams Fork Formation of the Application Lands to the equivalent of one well per 10 acres.

11. That as to all future Williams Fork wells to be drilled upon the Application Lands, each well may be located anywhere downhole in the established 320-acre drilling and spacing unit but no closer than 100 feet from the boundaries of the unit or lease line, without exception being granted by the Director, except that (1) with respect to units abutting or cornering lands for which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density wells, the well shall be located downhole no closer than 200 feet from the boundary of the drilling unit so abutting or cornering such lands, and (2) no more than four Williams Fork wells should be drilled downhole per governmental quarter quarter section.

12. Applicants commit that wells to be drilled under this Application will be drilled, on average, if topographically feasible throughout the Application Lands, 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 Director of the Colorado Oil and Gas Conservation Commission.

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

14. 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, Applicants respectfully request that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicants’ proposals as set forth above in paragraphs 10 through 12 and excepting those wellbores listed in paragraph 9 and for such further relief as the Commission may deem just and advisable.

Dated this ____ day of November, 2005.

Respectfully submitted,

PICEANCE GAS RESOURCES, LLC and
PETROLEUM DEVELOPMENT CORPORATION

By: _____
Michael J. Wozniak
Erika Zimmer Enger
Beatty & Wozniak, P.C.
Attorneys for Applicants
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicants’ Addresses:
Petroleum Development Corporation
P.O. Box 26
Bridgeport WV 26330

Piceance Gas Resources, LLC
1675 Broadway, Suit 2000
Denver CO 80202

VERIFICATION

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

Michael J. Wozniak, of lawful age and being first duly sworn upon oath, states and declares that he is the attorney for Piceance Gas Resources, LLC and Petroleum Development Corporation, Applicants herein; that he has read the above and foregoing Application, knows the contents thereof, and that the allegations and matters therein stated are true and correct to the best of his knowledge.

Michael J. Wozniak
Attorney for Piceance Gas Resources, LLC
and Petroleum Development Corporation

Subscribed and sworn to before me this ____ day of November, 2005, by
Michael J. Wozniak.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires: _____

Notary Public

