

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

IN THE MATTER OF THE APPLICATION OF
RDT PROPERTIES, INC. AS UNIT OPERATOR
OF THE HARKER RANCH MORROW SAND
UNIT, HARKER RANCH FIELD, CHEYENNE
COUNTY, COLORADO, FOR AN ORDER OF
THE OIL AND GAS COMMISSION OF THE
STATE OF COLORADO AUTHORIZING UNIT
DEVELOPMENT AND OPERATION OF THE
HARKER RANCH MORROW SAND UNIT
AREA, HARKER RANCH FIELD, CHEYENNE,
COUNTY, COLORADO

CAUSE NO.:

DOCKET NO.:

APPLICATION

COMES NOW the Applicant, RDT Properties, Inc., by and through its attorneys, Poulson, Odell & Peterson, LLC, and respectfully applies to the Oil and Gas Conservation Commission of the State of Colorado for an order authorizing unit operation and development of the Morrow Sand formation within the Harker Ranch Field, Cheyenne County, Colorado, and in support of this application states as follows:

1. Attached as Exhibit A-1 is a map showing the Harker Ranch Morrow Sand Unit Area ("Unit Area") including boundary, tracts, producing wells, proposed injectors, dry holes and plugged holes. Attached as Exhibit A-2 is a map showing the unit boundary and the reservoir boundary for the Unit Area encompassing the following-described lands:

Township 13 South, Range 43 West, 6th P.M.

Section 1 : S/2

Section 12: All

Section 13: N/2

Cheyenne County, Colorado

Attached as Exhibit B is a list of all working interest, mineral interest and surface interest owners located within one-quarter (1/4) mile of the proposed injection wells.

There are no wells penetrating the injection zone within one-quarter (1/4) mile of the injection wells. No remedial actions are required.

2. Attached as Exhibit C is a description of the proposed operations for which authorization is required.

3. Attached is Exhibits D and E are copies of the Harker Ranch Morrow Sand Unit Agreement and the Harker Ranch Morrow Sand Unit Operating Agreement, respectively. Such Agreements constitute the plan of unitized operations for which approval is requested and include provisions for allocation of unitized production of oil and gas among separately owned tracts within the Unit Area, provisions for adjustment of investment among owners, and provisions for the conduct of unitized operations and for the allocation of costs.

4. Injection of fluids as proposed.

a. The formation to be unitized (the "Unitized Formation") is the Morrow Sand formation of the Pennsylvanian age encountered between 5,150 and 5,274 feet, inclusive, measured below the Kelly Bushing elevation in the D.D. Darr 21-12 No. 1 Well located in the NE/4NW/4 of Section 12, Township 13 South, Range 43 West, Cheyenne County, Colorado, as shown on the Dual Induction Log for said well. The Unit Area encompasses the boundaries of the Unitized Formation as defined by drilling operations to be productive of oil.

A portion of the Dual Induction Log of the D.D. Darr 21-12 No. 1 Well is attached as Exhibit F.

Exhibit G attached hereto describes the following formations:

- (i) those from which wells are producing in the Unit Area or have produced;
- (ii) those from which wells in the Unit Area will receive any fluids to be injected; and
- (iii) those in the Unit Area which are capable of limiting the movement of any fluids to be injected.

b. Exhibit H attached describes the depths of all known underground sources of drinking water which may be affected by the proposed unit operations.

c. Attached as Exhibit I is a copy of the dual induction short guard log, run from the bottom of the surface casing to the total depth, for the water injection wells.

d. Attached as Exhibit J is a schematic diagram describing the casing of the water injection wells and showing surface and subsurface construction detail and a description of the cement job already in place or proposed.

e. Attached as Exhibit K is a statement of the type of fluid to be injected, the source of the fluid, the estimated amount to be injected, the

anticipated injection pressure, the available data on the compatibility of the fluid with the receiving formation and know or calculated fracture gradient. Attached as Exhibit L is a chemical analysis of the water to be injected.

f. Due to high reservoir permeability, no reservoir stimulation is presently anticipated.

g. Attached as Exhibit M is a list of the names and last known addresses of all persons owning mineral interests in the minerals within the boundaries of the Unit Area. Also included is the name and address of the unit operator.

5. Unitization of the Morrow Sand formation within the Unit Area is reasonably necessary to increase the ultimate recovery of oil and associated hydrocarbons.

6. The value of the estimated additional recovery of oil and associated hydrocarbons exceeds the estimated additional costs incident to conducting unit operations.

7. The proposed plan of unit operations for which Commission authorization is requested is established by the Harker Ranch Morrow Sand Unit Agreement and the Harker Ranch Morrow Sand Unit Operating Agreement. Applicant anticipates that such plan will have been approved in writing prior to the date of the Commission's hearing on this Application by those persons who will be required to pay at least eighty percent (80%) of the costs of the unit operations and the owners of at least eighty percent (80%) of the production or proceeds thereof which will be credited to interests which are free of costs. In the event that eighty percent (80%) of each of such group has not approved the proposed plan of unit operations by the time this Application is heard by the Commission, Applicant requests that the Commission enter its order authorizing the plan for unit operations contingent upon Applicant obtaining approval of eighty percent (80%) of each group within a period of six (6) months from the date on which the order providing for unit operations is made.

8. The proposed plan for unit operations for the Morrow Sand formation within the Unit Area is necessary for the effective, efficient and economical development of the Unit Area within the Harker Ranch Field and will result in the protection of correlative rights and the prevention of waste.

9. In the public interest and for the prevention of waste, the protection of correlative rights, and because of the increased ultimate recovery of oil and associated hydrocarbons made possible by the unit operation proposed herein, Applicant submits that this Commission may properly enter its order approving the Harker Ranch Morrow Sand Unit Agreement and the Harker Ranch Morrow Sand Unit Operating Agreement as constituting a plan for the unitized operation and development of the Morrow Sand formation within the Unit Area and

providing for the pooling of all interests within the Morrow Sand formation within the Unit Area under the terms and conditions of such Agreements.

WHEREFORE, Applicant requests that this matter be set for hearing at the December, 2005 meeting of the Commission, that notice hereof be given as required by law and, that upon the evidence introduced at the hearing, the Commission enter an order:

- (i) approving the Harker Ranch Morrow Sand Unit Agreement and the Harker Ranch Morrow Sand Unit Operating Agreement as constituting a plan for unitized operations and development for the said Morrow Sand formation within the Unit Area;
- (ii) providing for the pooling of all interests within said formation within the Unit Area under the terms of such Agreements; and
- (iii) providing for such further findings and orders as the Commission may deem proper and advisable.

Respectfully submitted this 17th day of October, 2005.

By: _____
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Address of Applicant:

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VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY _____)

Rex McPhail, being first duly sworn upon oath, deposes and says that he is the Petroleum Engineer/Attorney for RDT Properties, Inc., and that he has read the foregoing Application and that the matters therein contained are true and to the best of his knowledge, information and belief.

Rex McPhail

Subscribed and sworn to before me on October _____, 2005.

Witness my hand and official seal.

My Commission Expires: _____

Notary Public