

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

IN THE MATTER OF THE APPLICATION)	
OF UNITED STATES EXPLORATION, INC.)	
FOR AN ORDER DECREASING THE)	
SIZE OF DRILLING AND SPACING UNITS)	CAUSE NO. 232 & 499
FOR THE PRODUCTION OF OIL AND GAS)	ORDER NO. 232-_____
FROM THE DAKOTA AND "J" SANDSTONE)	499-_____
FORMATIONS, UNDERLYING CERTAIN)	
LANDS IN ADAMS COUNTY, COLORADO)	

APPLICATION

The Applicant, United States Exploration, Inc. ("UXP"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") as follows:

BACKGROUND

Existing Leasehold Interest and Wells.

1. Pursuant to an Exploration Agreement dated effective June 1, 1998, by and between UXP and Union Pacific Resources Company (predecessor in interest to Anadarko), UXP has the right to drill an oil and gas well producing from formations including the "J" Sand and/or Dakota in the NE/4 of Section 3, Township 2 South, Range 65 West of the 6th P.M., Adams County, Colorado (the "NE/4" and "Section 3," respectively), and thereby earn a leasehold interest.
2. Anadarko Land Corporation and/or Anadarko E&P Company LP (collectively, "Anadarko"), owns the oil and gas mineral estate in the NE/4.
3. The City and County of Denver owns the oil and gas mineral estate in the SE/4 of Section 3.
4. No wells have been drilled to the "J" Sand or Dakota formations in the E/2 of Section 3.
5. One well, the Champlin 125 Amoco J #1, produces from the "J" Sand formation in the SW/4 SW/4 of Section 3, on a unit composed of the W/2 of Section 3.

Existing Commission Orders.

6. In Cause No. 232, by Order No. 232-1, the Commission established 320-acre drilling and spacing units for the production of oil and gas from the "J" Sand formation underlying Section 3.

7. In Cause No. 499 by Order No. 499-3, the Commission established 320-acre drilling and spacing units for production of oil and gas from the Dakota Formation underlying Section 3.

8. According to the records of the Commission, the E/2 and W/2 are the declared spacing units for Dakota and "J" Sand production in Section 3.

9. Under Rule 318A (Greater Wattenberg Area Special Well Location Rule), up to five wells may be drilled in each governmental quarter section of Section 3, to Cretaceous formations above the base of the Dakota formation, including the Codell, Niobrara, "J" Sand and Dakota formations.

SPACING REQUEST

10. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to decrease or increase the size of drilling units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

11. UXP requests that the Commission enter an Order reducing the size of drilling and spacing units for the "J" Sand and Dakota formations in the E/2 of Section 3, by establishing separate 160-acre drilling and spacing units comprised of the SE/4 and NE/4 of Section 3.

12. The requested 160-acre units for the Dakota and "J" Sand correspond to mineral ownership in the E/2 of Section 3.

13. The requested 160-acre drilling units are not less than the maximum area than can be efficiently, economically and effectively drained by a single well producing oil, gas and associated hydrocarbons from the "J" Sand and Dakota formations underlying the E/2 of said Section 3.

14. The establishment of 160-acre units in the E/2 of Section 3 will prevent or assist in preventing waste by assuring that all potential locations may be drilled without prejudice to the rights of other leasehold or mineral owners, and ensuring that the pool as a whole may be efficiently and economically developed.

15. The establishment of such units will protect the correlative rights of both leasehold owners and mineral owners.

16. The names and addresses of the interested parties, based upon Applicant's information and belief, are set forth on the annexed **Exhibit "A."**

REQUEST FOR HEARING AND ORDER

WHEREFORE, United States Exploration, Inc. prays that this matter be set for hearing on June 6, 2005, that Notice of said Hearing be given as required by law, that an Administrative Hearing be held if no protests are timely received, and that following such Hearing the Commission enter an Order in Causes 232 and 499 to:

1. Establish 160-acre drilling and spacing units consisting of the NE/4 and SE/4 of Section 3 for the production of oil and gas from the "J" Sand and Dakota formations and
2. Permit multiple completion and downhole commingling of production from the Codell, Niobrara, "J" Sand and Dakota formations underlying the E/2 of Section 3.

RESPECTFULLY SUBMITTED this 11th day of April, 2005.

**LOHF SHAIMAN JACOBS HYMAN
& FEIGER PC**

By _____
J. Michael Morgan, #7279
950 South Cherry Street, Suite 900
Denver, Colorado 80246
Telephone: (303) 753-9000
Facsimile: (303) 75-9997
mmorgan@lohfshaiman.com

Address of Applicant:
United States Exploration, Inc.
1500 Poly Drive, Suite 100
Billings, MT 59102

[VERIFICATION FOLLOWS ON NEXT PAGE]

VERIFICATION

STATE OF COLORADO)
) ss
COUNTY OF WELD)

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. She is a Certified Professional Landman who maintains her office at 1610 29th Avenue Place, Suite 100, Greeley, Colorado 80634.
2. She is a consultant for the Applicant, United States Exploration, Inc.
3. She has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of her knowledge and belief.

Further Affiant sayeth not.

Cynthia A.E. Zeren

Subscribed and sworn to before me this _____ day of April, 2005, by Cynthia A.E. Zeren.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT “A”

Interested Parties in E/2 of Section 3, Township 2 South, Range 65 West, 6th P.M.

MINERAL OWNERS

NE/4, Section 3

Anadarko Land Corporation
Anadarko E&P Company LP
Attn: Thomas Marranzino
P.O. Box 1330
Houston, Texas 77251-1330

SE/4, Section 3

City and County of Denver
Department of Finance and Management
201 West Colfax Avenue, 10th Floor
Denver, Colorado 80204

LEASEHOLD INTEREST OWNER*

NE/4, Section 3

United States Exploration, Inc.
1500 Poly Drive, Suite 100
Billings, Montana 59102

SE/4, Section 3

Unleased

* UXP has the right to drill and thereby acquire a leasehold interest.