

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

IN THE MATTER OF THE APPLICATION OF
PETROGULF CORPORATION 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 Petrogulf Corporation ("Applicant"), a Colorado corporation, by its attorneys, Poulson, Odell and Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order establishing spacing rules and well location 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 a substantial portion of the following described lands (hereinafter "Application Lands"):

Township 6 South, Range 93 West, 6th P.M.

Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All

3. That, under the Commission's Order No. 139-8, Sections 19 and 20 of the Application Lands (and other lands) were established for the production of gas and associated hydrocarbons from the Mesaverde Formation. Said drilling units shall consist of 320-acres, more or less, and shall consist of the E/2 and W/2 or the N/2 and S/2 of a section according to the government survey thereof (with the drilling unit to be designated at the time of filing the permit to drill) and with the permitted well to be located in the NE/4 and SW/4 of each section and no closer than 600 feet to the boundaries of the quarter section upon which it is located and no closer than 1200 feet from another producing or producible well in the same formation.

4. That as to the said Sections 19 and 20 of the Application Lands which were established as 320 acre drilling and spacing units under the Commission's Order No. 139-8, Applicant requests that such drilling and spacing units shall be designated standup drilling and spacing units (i.e. W/2 and E/2 of each section).

5. That the remainder of the Application Lands are unspaced and subject to the Commission's Rule 318.

6. That Applicant believes it is appropriate that the Commission establish 640 acre drilling and spacing units covering these unspaced lands for the Williams Fork Formation of the Mesaverde Group, each such spacing unit described as follows:

Section 29: All
Section 30: All
Section 31: All
Section 32: All

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

8. That to promote efficient drainage within the Williams Fork Formation of the Mesaverde Group, the Commission should increase the number of wells which can be optionally drilled into and produced from the Williams Fork Formation of the Application Lands which constitute all or a part of existing 320 acre drilling and spacing units and the 640 acre drilling and spacing units to be established pursuant to paragraph 6 above to the equivalent of one Williams Fork well per ten (10) acres.

9. That as to all future Williams Fork wells to be drilled upon the Application Lands within such drilling and spacing units, the well should be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director of the Oil and Gas Conservation Commission. It is provided however that in cases where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10 acre density Williams Fork Wells, the well should be located downhole no closer than 200 feet from the boundary or boundaries of the drilling unit so abutting or cornering such lands without exception being granted by the Director of the Oil and Gas Conservation Commission.

10. That, except as previously authorized by order of the Commission, 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 pursuant to application made for such exception.

11. The granting of this application 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.

12. 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 June, 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: April 13, 2005.

POULSON, ODELL AND PETERSON, LLC

By: _____
William A. Keefe
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
(ph) 303-861-4400
(fax) 303-861-1225

VERIFICATION

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

Andy Boden, of lawful age, being first duly sworn upon oath, deposes and says that he is the Senior Landman for Petrogulf Corporation 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.

Subscribed and sworn to before me this ____ day of April, 2005.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

Juanita M. Layne
12011 County Road 320
Rifle, CO 81650

Linda Joy Wasvick
c/o Joy Van Schuyver
1607 Sheffield Rd.
Oklahoma City, OK 73120

Colorado Department of Transportation
4201 E. Arkansas Avenue
Denver, CO 80222

J. P. Powers & Co.
c/o John Powers
200 Alder Lane
Boulder, CO 80304

Kirk A. and Trina L. Swallow
2170 County Road 321
Rifle, CO 81650-8603

Linda M. & Gale E. Upton
10467 County Road 320
Rifle, CO 81650-9613

Richard B. Coulter
c/o Charlotte Jeanne Crook
606 Evergreen Terrace Rd.
St. Maries, ID 83861

Lynn V. Coulter, Trustee
Lynn V. and Lorene E. Family Trust
2944 N. View Dr.
Grand Junction, CO 81504-5351

Anna Marie Hazelbaker
c/o Charlotte Jeanne Crook
10741 W. Cheryl Dr.
Sun City, AZ 85351-4333

Charlotte J. Crook, Trustee
10741 W. Cheryl Dr.
Sun City, AZ 85351-4333

William Pridemore
c/o Charlotte Jeanne Crook
10741 W. Cheryl Dr.
Sun City, AZ 85351-4333

Ruby Norine
c/o James E. Norine
P. O. Box 645
Alpine, AZ 85920-0645

EXHIBIT A (continued)

Williams Production RMT Company
1675 Broadway
Denver, CO 80202

Piceance Royalty Partnership LLC
P. O. Box 36157
Denver, CO 80236

Colorado Department of Transportation
4201 E. Arkansas Ave.
Denver, CO 80222

USA
Dept. of the Interior
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215

City of Rifle
P. O. Box 1908
Rifle, CO 81650-1908

Frances L. Coulter, Trustee
Coulter Family Trust
4486 County Road 233
Rifle, CO 81650-8746

Vernon Coulter
c/o Gerald Coulter
1240 Pembroke Dr.
San Jose, CA 95131

Esther Maupin Exempt Family Trust
20 Abernathy Ct.
Highlands Ranch, CO 80126

Encana Oil & Gas (USA) Inc.
950 17th Street, Suite 2600
Denver, CO 80202

Apollo Energy LLC
1557 Ogden Street, Suite 300
Denver, CO 80218

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

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

IN THE MATTER OF THE APPLICATION OF
PETROGULF CORPORATION 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.

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)
) SS.
CITY AND COUNTY OF DENVER)

William A. Keefe of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Petrogulf Corporation, that on April 13, 2005, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

William A. Keefe

Subscribed and sworn to before me April 13, 2005.

Witness my hand and official seal.

My commission expires: _____

Notary Public