

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

IN THE MATTER OF THE APPLICATION OF)
MARALEX RESOURCES, INC.) CAUSE NO.
DIVIDE CREEK FIELD)
MESA AND GARFIELD)
COUNTIES, COLORADO) DOCKET NO.

VERIFIED APPLICATION

COMES NOW, the Applicant, Maralex Resources, Inc. (“Maralex”), by and through its attorneys, Carver Kirchhoff Schwarz McNab & Bailey, LLC, and applies to the Oil and Gas Conservation Commission of the State of Colorado (“Commission”) for an order to vacate the spacing in certain designated drilling and spacing units in the Divide Creek Field in Garfield County, Colorado. In support of its application, Maralex states as follows:

APPLICATION LANDS

I

Applicant is the owner of interests in oil and gas leases in part or all of the following described spacing units in the Divide Creek Field, established for production of gas from the Cretaceous Mesaverde Formation from sections identified as the Upper, Middle and Lower Divide Creek pay zones:

Township 7 South, Range 91 West, 6th P.M.
Section 13: All
Section 14: All
Section 15: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 35: All

The lands described above are referred to as Application Lands.

PRIOR PROCEEDINGS

II

By verified application dated November 17, 2005, Laramie Energy, LLC sought an order of the Commission granting the same relief as is sought by this Applicant. That application was set for hearing on January 9, 2006. No protests or interventions were filed. On December 22, 2005 Laramie filed a request to withdraw its application because it had reached an agreement to convey its interest in the Application Lands to Maralex. By means of this filing Applicant renews Laramie’s prior application.

EXISTING ORDERS

III

In Cause No. 143, Order No. 143-1 dated April 26, 1960, the Commission established drilling units for the Divide Creek Field for production of gas from the Cretaceous Mesaverde Formation from sections identified as the Upper, Middle, and Lower Divide Creek pay zones. The order establishes 640-acre drilling and spacing units

in the Application Lands, among other lands. The order provides that the permitted well in each drilling unit be no closer than 3,750 feet to the nearest well drilling to or capable of production from the Mesaverde Formation, and not closer than 900 feet to the boundaries of the drilling unit upon which it is located.

By Cause No. 143, Order No. 143-2 (corrected) dated December 11, 1989, as of November 20, 1989, the Commission modified Order No. 143-1 to delete complete or partial sections of land from Order No. 143-1. None of the Application Lands were deleted from the provisions of Order No. 143-1 by Order No. 143-2 (corrected). The lands deleted by that order were those located in the Divide Creek Unit.

In Cause No. 143, Order No. 143-3 dated February 28, 1990, as of February 20, 1990, the Commission further amended the lands subject to Order No. 143-1, as amended by Order No. 143-2 (corrected), to delete additional lands. None of the Application Lands were deleted by Order No. 143-3. Accordingly, the Application Lands remain subject to the terms and provisions of Order No. 143-1, as amended by Order No. 143-2 (corrected), and Order No. 143-3.

GARFIELD II UNIT

IV

The records of the Colorado State Office of the Bureau of Land Management reflect that the following described lands are included within the Garfield II Unit:

Township 7 South, Range 91 West, 6th P.M.

Section 14: S/2 SW/4

Section 23: NW/4

Section 24: SE/4 SW/4

Section 25: W/2 NE/4, SE/4 NE/4, W/2, W/2 SE/4

Section 26: All

Section 27: NE/4, NE/4 NW/4, S/2 NW/4, S/2

Section 34: N/2 NE/4, NE/4 NW/4

Section 35: N/2 N/2

The Garfield II Unit was established April 13, 1977 covering the lands described above, among other lands. The Garfield II Unit was contracted to the lands described above effective as of July 21, 1983.

In accordance with practice, it is expected that the Commission will suspend the lands included in the Garfield II Unit from the provisions of Order No. 143-1, as amended, Order No. 143-2 (corrected), and Order No. 143-3, until such time as they are removed from the Garfield II Unit.

APPLICATION

Maralex requests by its application that Order No. 143-1, Order No. 143-2 (corrected), and Order No. 143-3 be vacated as to the Application Lands for the reasons stated below.

V

The following wells have been drilled in the Application Lands, or in the Garfield II Unit, with the location of the well and the status of the well identified below:

<u>Well Name</u>	<u>API No.</u>	<u>Location</u>	<u>Status</u>
Rifle-Boulton #1	05-045-06127	NW/4 NW/4 of Section 23	Producing
Rifle-Walton #25-2	05-045-06290	SE/4 NW/4 of Section 25	Producing
Federal #26-3	05-045-06213	NW/4 SW/4 of Section 26	Producing
Garfield II-Federal #6-27-7-91	05-045-06390	NE/4 SW/4 of Section 27	PA
Hoffmeister Fee #28-1A	05-045-06182	NE/4 NE/4 of Section 28	DA

Of the wells described above, the Rifle-Boulton #1, the Rifle-Walton #25-2, and the Federal #26-3 wells are located in the Garfield II Unit. There are no producing wells in any part of the Application Lands outside of the Garfield II Unit.

As to Application Lands not included in the Garfield II Unit, no drilling activity has been conducted on or production established. Except as to lands in the Garfield II Unit, the existing spacing of the Application Lands has not resulted in development of those lands for the production of oil from the Mesaverde Formation.

VI

Vacation of Cause No. 143-1, Cause No. 143-2, and Cause No. 143-3 with respect to the Application Lands will not affect correlative rights of any parties. The only producing wells in the Application Lands are located in the Garfield II Unit. As to each such well, the ownership of the well and production from the well is established by the Garfield II Unit and the Unit Operating Agreement for the Garfield II Unit. Vacation of the spacing will not affect the ownership of the wells and production from the wells located in the Garfield II Unit.

As to the Application Lands not included in the Garfield II Unit, there are no producing wells. Vacation of Cause No. 143-1, Cause No. 143-2, and Cause No. 143-3 will not affect the correlative rights of any parties as to lands outside of the Garfield II Unit.

VII

Conservation of the time and resources of the Commission will be served if Order No. 143-1, Order No. 143-2 (corrected), and Order No. 143-3 are vacated as to the Application Lands. A suspension of the provisions of Order No. 143-1, Order No. 143-2, and Order No. 143-3 as to lands included in the Garfield II Unit would result in the creation of irregular shaped drilling units of less than the designated 640-acre sections. Exceptions to existing orders likely would be required for development in these sections. In addition, applications to increase density in the Mesaverde formation will be reduced if the orders are vacated.

VIII

To prevent waste, to protect correlative rights, to ensure the proper and efficient development of the Mesaverde Formation, and to ensure the greatest recovery of gas and associated hydrocarbons from the Mesaverde Formation, Applicant requests that, after notice and hearing as provided by law, the Commission issue its order providing that the Application Lands are deleted from Order No. 143-1, Order No. 143-2 (corrected), and Order No. 143-3, and that further development of the Application Lands is subject to the rules and regulations of the Commission.

GENERAL PROVISIONS

IX

Applicant states that to the best of its information and belief Exhibit A attached to this Verified Application is the list of the names of owners required to be notified in accordance with Commission Rule 507 covering the Application Lands.

X

WHEREFORE, Applicant respectfully requests that this matter be set for hearing by the Commission; that notice hereof be given as required by law; and that upon hearing this Commission issue its order granting this Application as requested. Applicant further requests that the Commission in its order grant such other provisions as the Commission may find to be necessary or desirable in the cause.

DATED this 3rd day of March, 2006.

Respectfully submitted,
Maralex Resources, Inc.

By: _____
Craig R. Carver
Carver Kirchhoff Schwarz McNab & Bailey, LLC
1600 Stout Street, Suite 1700
Denver, Colorado 80202
(303) 893-1815

Applicant's Address:
Maralex Resources, Inc.
775 Goddard Avenue
P. O. Box 338
Ignacio, Colorado 81137

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

D. Jeremy Golob, Senior Engineer, Maralex Resources, Inc., upon oath, deposes and says that he has read the foregoing Verified Application before the Oil and Gas Conservation Commission of the State of Colorado, and states that the matters contained therein are true to the best of his knowledge and belief.

D. Jeremy Golob

Subscribed to and sworn to before me this _____ day of February, 2006 by D. Jeremy Golob, Senior Engineer, Maralex Resources, Inc..

My Commission expires:

Notary Public

(SEAL)

Address

EXHIBIT A

Attached and made a part of the Verified Application of
Maralex Resources, Inc. in Cause No. 143

Maralex Resources, Inc. 775 Goddard Avenue P. O. Box 338 Ignacio, CO 81137	Great Northern Gas Company 621 17 th Street, Suite 2150 Denver, CO 80202	Bill Barrett Corp. 1099 18 th Street, Suite 2300 Denver, CO 80202
EnCana Oil & Gas (USA), Inc. 370 17th Street, Suite 700 Denver, CO 80202	KLT Gas, Inc. 2202 Timberloch Pl., Suite 222 The Woodlands, TX 77380	Windsor Castle Springs, LLC 14313 N. May Ave., Suite 100 Oklahoma City, OK 73134
United States Dept. of the Interior BLM 2850 Youngfield Street Lakewood, CO 80215	Barry L. Stout 2000 Baldy Creek Road New Castle, CO 81647	Gene R. Hilton P. O. Box 1274 Littleton, CO 80160
William Inderrieden 5780 #1 Powerline Road Fort Lauderdale, FL 33309	John McCormack, Engle E. Saez 0268 Mt. Laurel Dr. Aspen, CO 81611	June & John Stuart Rogers Family 1992 Trust 5101 Mountain View Rd Hughson, CA 95326-9388
Linda K. Jackson 6000 CR 313 New Castle, CO 81647	Lori M. Jackson 225 S. Bishop San Angelo, TX 76901	Brett C. Jackson 5403 86th Street Lubbock, TX 79424
Bradley D. Jackson 1227 Newberry Drive Allen, TX 75013	David A. Russell 385 Apple Drive New Castle, CO 81647	Jerry D. Jones 9104 Jensen Ct NE Albuquerque, NM 87112
Vernon Dedisse Jr. 1863 Wazee St., Apt 3-C Denver, CO 80202	Barney Oldfield No Address of Record	Sandra K. & James P. Irvine 420 W. 4th Street Rifle, CO 81650
Eric R. Wahl 6501 CR 313 New Castle, CO 81647	Lynn Rowland 821 N. Traver Trail Glenwood Springs, CO 81601	Brian Bark 7228 CR 313 New Castle, CO 81647
Daniel & Florence McCullough 6600 CR 313 New Castle, CO 81647	Kenneth & Shirley Hutchings 99 W. Sunlight Ct. Glenwood Springs, CO 81601	Barbara Bliss 4908 154 Road Glenwood Springs, CO 81601
Sue D. Bookman 7800 Highway 82 Glenwood Springs, CO 81601	Martin Landrum & Shiri Hunter PO Box 623 Silt, CO 81652	Samuel Taylor, Jr. 0383 County Road 167 Glenwood Springs, CO 81601
Brad & Diana Mollman 0105 Midvalley Drive New Castle, CO 81647	James & Paula York 6766 County Road 313 Silt, CO 81652	Leslie Eugene Alexander 8528 W 10th Avenue Lakewood, CO 80215-4803
Rebecca Dunbar Allison 370 Harlan Street Lakewood, CO 80226	Peggy Alexander Dunbar 2235 Marshall Street Denver, CO 80214	Rachel May Alexander PO Box 171 South Pasadena, CA 91031-0171
Kelly Danielle Alexander 605 West Huntington Drive, No. 324 Monrovia, CA 91016	Kristine M. Peterson 2525 S. Wadsworth Blvd, Suite 303 Lakewood, CO 80227-4346	Barrett D. Baker 717 17th Street, Suite 1545 Denver, CO 80202
Melanie Lynn Spitler 6116 Moore Street Arvada, CO 80004	Virginia Lee Alexander-Malara 2252 Ingalls Edgewater, CO 80214	Shannon Leah Kinsey 1475 Manzana Street Eugene, OR 97404
James Lang Alexander 5523 Old Ranch Road Sarasota, FL 34241-9680	Robin Lee Dunbar Hagelstrom 4727 Elliot Street Denver, CO 80211	Mineral Acquisition Partners 2003 100 Park Avenue Oklahoma City, OK 73102
Lawrence D. Wilson 1859 County Road 344 Silt, CO 81652	Roy H. Guess, R.P. Swirczynski 1965 South Beverly St., No. 101 Casper, WY 82609	Paula Faust 122 Falcon Drive Charlottesville, VA 22901

Imperial Oil Co. of California
22499 Imperial Valley Drive
Houston, TX 77073-1173

Fred H. Carr, Joan C. Carr,
Trustees
711 E 11th Street
Casper, WY 82601-3813

Joanne P. Parson
42 Rockland Road
Greenfield, MA 01301

Black Stone Minerals Company
LP
PO Box 870849
Mesquite, TX 75181

TFS Trust, Thomas F. Stroock
Trustee
PO Box 2875
Casper, WY 82602-2875

Ronald J. Rogers & Michael D.
Heil
1875 Century Park East, Ste. 300
Los Angeles, CA 90067-2504

Riley M. Record
No Address of Record

Patricia Fern Record Perryman
404 Eastwood Circle
Ardmore, OK 73401

Donald Duane Record Fulton
12497 County Road 311
Silt, CO 81652-9635

Eugene W. Tolini
242 Larkspur Dr.
Castle Rock, CO 80104

Shirley L. Horn
5829 S. Datura St., Apt. 121
Littleton, CO 80120

Craig R. Carver
Carver Kirchhoff Schwarz McNab
& Bailey, LLC
1600 Stout, # 1700
Denver, CO 80202-3164