

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

IN THE MATTER OF THE APPLICATION OF
CHEVRON U.S.A. INC. FOR AN ORDER
ESTABLISHING WELL LOCATION AND SETBACK
RULES FOR THE DRILLING OF WILLIAMS FORK,
ILES AND SEGO FORMATION WELLS ON
CERTAIN DESCRIBED LANDS IN THE SKINNER
RIDGE FIELD AREA, GARFIELD COUNTY,
COLORADO

CAUSE NO.

DOCKET NO.

APPLICATION

COMES NOW Chevron U.S.A. Inc. ("Applicant"), a Pennsylvania 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 well location and setback rules applicable to the drilling and producing of wells from the Williams Fork, Iles and Sego Formations of the Mesaverde Group underlying certain described lands in the Grand Valley Field area, Garfield County, Colorado and in support of its application states and alleges as follows:

That Applicant is a corporation duly authorized to conduct business in the State of Colorado.

That Applicant owns the mineral estate underlying the following described lands (hereinafter "Application Lands"):

Township 4 South, Range 99 West, 6th P.M.

Section 25: S/2

Section 26: SE/4

Section 35: E/2

Section 36: All

Township 4 South, Range 98 West, 6th P.M.

Section 30: All Except E/2E/2E/2

Section 31: All

Section 32: All

Section 33: All

Section 34: All Except E/2E/2E/2

Township 5 South, Range 97 West, 6th P.M.

Section 31: Coral T No 35 & 36 Claims (S/2)

Township 5 South, Range 98 West, 6th P.M.

Section 3: S/2S/2SW/4SW/4NW/4, W/2W/2SW/4

Section 4: S/2, W/2SW/4NE/4, S/2S/2SE/4SW/4NE/4, S/2NW/4, Lots 10-13
 Section 5: All
 Section 6: All Except Lot 18
 Section 7: All
 Section 8: All
 Section 9: All
 Section 10: W/2E/2NE/4, W/2NE/4, Lots 1-3, Tracts 64 & 65
 Section 13: S/2N/2, Lots 1, 2, & 9
 Section 15: Tracts 65, 67, 73, 74, 77, 78, 79, Lots 6, 7, 8
 Section 16: All
 Section 17: All
 Section 18: All
 Section 19: E/2
 Section 20: All
 Section 21: All Except Lot 1
 Section 22: All Except Lot 1
 Section 23: All
 Section 24: All
 Section 25: All
 Section 26: All
 Section 27: All
 Section 28: All
 Section 29: All
 Section 32: N/2N/2
 Section 33: N/2N/2
 Section 34: N/2NW/4, E/2
 Section 35: All Except SW/4SW/4
 Section 36: All Except Tract 104

Township 5 South, Range 99 West, 6th P.M.

Section 1: All
 Section 2: All Except NW/4
 Section 3: SE/4
 Section 9: SE/4
 Section 10: All Except NW/4
 Section 11: All
 Section 12: All
 Section 13: All Except SW/4
 Section 14: N/2
 Section 15: N/2

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

Section 6: Tracts 52, 59, 62 & Lot 26
 Section 7: All
 Section 8: NW/4 NW/4

Section 18: NE/4NW/4, SW/4 & Lots 5, 6, 9, & 10
Section 19: S/2
Section 30: All
Section 31: All

Township 6 South, Range 98 West, 6th P.M.

Section 1: Tracts 52, 52A, 59, Lots 5-7
Section 2: W/2
Section 3: All Except Tract 48A
Section 4: All Except Tract 39A
Section 5: All
Section 6: E/2
Section 7: E/2
Section 8: All
Section 9: All Except Lot 1
Section 10: All Except Tract 48A
Section 11: All Except Lot 1
Section 12: All
Section 13: All
Section 14: All Except Tract 68
Section 15: All Except Tract 68
Section 16: All
Section 17: All
Section 18: E/2
Section 19: E/2
Section 20: All
Section 21: All
Section 22: All Except Tracts 77K, 77T, 77U, 77V, 95B, 95C
Section 23: All Except NE/4SE/4SW/4SW/4, W/2NW/4SE/4SW/4,
NW/4SW/4SE/4SW/4, W/2SW/4SE/4NW/4,
W/2W/2NE/4SW/4
Section 24: All
Section 25: All
Section 26: All
Section 27: All Except Tracts 97A, 97B, & 97C
Section 28: All
Section 29: All Except Lots 4, 5, 6
Section 30: NE/4
Section 32: Tract 132A
Section 33: Tracts 132A, 133A, 134A
Section 34: All Except Tract 117B, Lots 7 & 10
Section 35: All
Section 36: All

Township 7 South, Range 98 West, 6th P.M.

Section 1: All

Section 2: SE/4SE/4, N/2SE/4, S/2NE/4, SE/4NW/4, Lots 1-3
Section 11: NE/4SE/4, SE/4NE/4
Section 12: All

That the Application Lands are unspaced and subject to the Commission's Rule 318(formerly Rule 316).

That multiple wells have been drilled, tested and completed in the Williams Fork Formation of the Mesaverde Group upon the Application Lands or upon lands in close proximity to the Application lands.

That as to the Application Lands, the Commission should allow Williams Fork wells to be drilled on a ten acre density basis thereon with each such well to be located downhole anywhere upon such lands but no closer than 100 feet from the outside boundary of the Application Lands unless such boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10 acre density wells in which event the Williams Fork wells to be drilled upon the Application Lands should be drilled downhole no closer than 200 feet from that portion of the boundary which so abuts or corners the lands in respect of which 10 acre density downhole drilling for Williams Fork wells has not been ordered by the Commission.

That, in connection with the drilling of Williams Fork wells, the Commission also should allow Iles Formation and Sego Formation wells to be drilled on a ten (10) acre density basis provided that, unless exception is granted pursuant to the Commission's rules, no well may be completed in either the Iles Formation or the Sego Formation any closer than 600 feet from the outside boundary of the Application Lands. Although the Iles and Sego Formations have not been extensively drilled and produced in the area, there is some evidence that these formations may contain producible gas in quantities sufficient to complete and produce together with Williams Fork Gas.

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.

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.

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 August, 2006, 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: June _____, 2006.

**POULSON, ODELL AND PETERSON,
LLC**

By: _____
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