

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

IN THE MATTER OF THE APPLICATION	)	
OF MACHII-ROSS PETROLEUM COMPANY	)	
FOR AN ORDER DECREASING THE SIZE OF	)	CAUSE NO. 250 & 407
DRILLING AND SPACING UNITS	)	
FOR THE PRODUCTION OF OIL AND GAS	)	ORDER NO. 407-_____
FROM THE SUSSEX, SHANNON, CODELL	)	
AND NIOBRARA FORMATIONS	)	
UNDERLYING CERTAIN LANDS IN WELD	)	
COUNTY, COLORADO	)	

**VERIFIED APPLICATION**

The Applicant, Machii-Ross Petroleum Company, by and through its undersigned counsel, respectfully petition the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") as follows:

**Background**

1. Applicant Machii-Ross Petroleum Company ("MRPC") is a California general partnership with an address of 2901 28th Street, Suite 205, Santa Monica, CA 90405-2972.
2. MRPC owns leases covering all of the oil and gas under the NE/4SE/4 of Section 17, Township 2 North, Range 67 West, 6th. P.M., Weld County, Colorado.
3. Denver East Machinery Company owns oil and gas leases covering all of the oil and gas, from the base of the Shannon Sand to the top of the "J" Sand, under the NW/4SE/4 and S/2SE/4 of said Section 17.
4. BH Energy, Inc. owns oil and gas leases covering all of the oil and gas, from the surface to the base of the Shannon Sand, under the NW/4SE/4 and S/2SE/4 of said Section 17.
5. The Machii-Ross Miller 43-17 well in the NE/4SE/4 produces from the Sussex and Shannon formations. Machii-Ross has recently drilled the Miller 43-17J well to the "J" Sand, also in the NE/4SE/4 of said Section 17.
6. The Pace #2 well, owned by BH Energy, Inc., produces from the Sussex and Shannon formations in the NW/4SE/4. The Pace #1 well in the SW/4SE/4 and the Pace #3 well in the SE/4SE/4 produced from the Sussex and Shannon formations, but have been plugged and abandoned.

### **Orders and Other Authority**

7. The Commission, in Cause No. 250 by Orders No. 250-10 and 250-11, established 80-acre drilling and spacing units for production from the Sussex and Shannon formations underlying Section 17.

8. In Cause No. 407 and by Order No. 407-1, the Commission established 80-acre drilling and spacing units for production from the Codell and Niobrara formations underlying Section 17.

9. According to the records of the Commission, there are no declared spacing units for Codell and Niobrara production in the SE/4 of Section 17.

10. According to the records of the Commission, the S/2SE/4 of Section 17 was declared a spacing unit for Sussex and Shannon production, but the N/2SE/4 was not so designated. The Pace #2 Well produced from the Sussex and Shannon and paid only on a 40-acre unit composed of the NW/4SE/4.

11. Colorado Revised Statute §34-60-116(4) provides that the Commission may “decrease or increase the size of the drilling units or permit additional wells to be drilled within the established units in order to prevent or assist in preventing waste or to avoid the drilling of unnecessary wells, or to protect correlative rights. . . .”

12. By Rule 318A(e), the Commission permits up to eight wells to be drilled within the SE/4 of Section 17, to all Cretaceous Age formations.

### **Spacing Request**

13. MRPC requests that the Commission enter an Order declaring and confirming that the N/2 and S/2 of the SE/4 as the designated spacing units for Codell, Niobrara, Sussex and Shannon production.

14. MRPC further requests that the Commission enter an Order reducing the size of drilling and spacing unit for the Codell, Niobrara, Sussex and Shannon formations in the N/2SE/4, by establishing separate 40-acre drilling and spacing units comprised of the NE/4SE/4 and NW/4SE/4 of Section 17.

15. Testimony before the Commission has demonstrated that 40-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 Codell, Niobrara, Sussex and Shannon formations underlying the N/2SE/2 of Section 17.

16. Such 40-acre units would correspond to the units upon which royalty has been paid on Sussex and Shannon production from the Miller #43-17 well in the NE/4SE/4, and Pace #2 well in the NW/4SE/4 of Section 17.

17. By establishing and maintaining units of the same size for all involved Cretaceous Age formations above the top of the "J" Sand formation, commingling of production from two or more of the four formations through a single wellbore may be done without concern for the fair and just allocation of production from such formations for the payment of royalties.

18. The establishment of such units will prevent waste by assuring that all potential locations may be drilled, without prejudice to the rights of other leasehold or mineral owners.

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

20. The names and addresses of interested parties, based upon Applicant's information and belief, after reasonable investigation of the public land records, are set forth on Exhibit "A" attached hereto and made a part hereof.

### **Hearing Request**

WHEREFORE, MRPC prays that this matter be set for hearing on August 14, 2006, that notice of said hearing be given as required by law, and that following such hearing the Commission enter an Order (A) designating and confirming the N/2 and S/2 of the SE/4 as the spacing units for Codell, Niobrara, Sussex and Shannon production, and (B) reducing the size of drilling and spacing unit for the Codell, Niobrara, Sussex and Shannon formations in the N/2SE/4 by establishing separate 40-acre drilling and spacing units comprised of the NE/4SE/4 and NW/4SE/4 of Section 17, Township 2 North, Range 67 West, 6<sup>th</sup> P.M., Weld County, Colorado.

RESPECTFULLY SUBMITTED this \_\_\_\_\_ day of June, 2006.

**LOHF SHAIMAN JACOBS HYMAN  
& FEIGER PC**

By: \_\_\_\_\_  
J. Michael Morgan , #7679  
950 South Cherry Street, Suite 900  
Denver, Colorado 80246  
Telephone: (303) 753-9000  
Facsimile: (303) 753-9997

**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.       He is a Certified Professional Landman who maintains his office at 8203 W. 20<sup>th</sup> Street, Suite B, Greeley, Colorado 80634.
2.       He is an agent for the Applicant, Machii-Ross Petroleum Company.
3.       He 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 his knowledge and belief.

Further Affiant sayeth not.

\_\_\_\_\_  
William G. Crews

Subscribed and sworn to before me this \_\_\_\_\_ day of June, 2006.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

## **EXHIBIT "A"**

Interested Parties in the N/2SE/4 of Section 17, Township 2 North, Range 67 West, 6<sup>th</sup> P.M.

### LANDOWNER ROYALTY (MINERAL) OWNERS:

Edgar F. Bartels  
4511 14th Street  
Greeley, CO 80634

Kathryn B. Stahlman &  
Robbin Peppler,  
Trustees Of The Grandchildren's  
Trust I  
2131 62nd Ave. Ct.  
Greeley, CO 80634

Richard J. Bartels &  
Robbin L Peppler,  
Trustees Of The Grandchildren's  
Trust II  
2131 62nd Ave. Ct.  
Greeley, CO 80634

Doris E. Fair Estate  
6467 Meadow Road  
Dallas, TX 75230

Leticia Gascoin-Ruffie  
22274 Davenrich Street  
Salinas, CA 93908

Sue Goodson Haws  
12027 Sleepy Pines  
Houston, TX 77066

Ronnie E. Haws  
12027 Sleepy Pines  
Houston, TX 77066

Marilyn R. Hunt  
30 Waterside Plaza, Apt 24-J  
New York, NY 10010

Mitchel B. Johns  
Estate of Mitchel B. Johns  
c/o Dorothy M. Johns  
901 S. Columbine Street  
Denver, CO 80209

Theodore Q. Mahoney or  
Donna R. Mahoney  
P.O. Box 30  
Victor, MT 59875

Gerald N. Mellman  
7742 East Archer Place  
Denver, CO 80230-6723

Jamie Modrall  
10131 Farmdale St.  
Longmont, CO 80504

The John D. Stephenson  
Family Trust  
1357 43rd Avenue, #27  
Greeley, CO 80634

Myrtle Telep  
2315 54th Avenue  
Greeley, CO 80634

Devera M. Thorn  
15 Parkway Drive  
Englewood, CO 80110

James H. Tull  
7318 Island Circle  
Boulder, CO 80301

John O. Willauer and  
Mabel Willauer, as Trustees  
under the Will of J. O. Willauer,  
Deceased  
3734 West Eva Street  
Phoenix, AZ 85021

Norma Ann Bennett  
Current Address Unknown

Jerri Lynn Modrall Doering  
9025 WCR 11  
Longmont, CO 80504

Nancy R. Courtney  
2007 Spring Creek Drive  
Laramie, WY 82070

Connie R. Hull  
2007 Spring Creek Drive  
Laramie, WY 82070

Honey T. Keyes  
18523 Fortson Avenue  
Dallas, TX 75252

Lorraine Miller and  
The Longmont National Bank,  
Trustees under Will of  
Carl A. Miller, Deceased

Irene C. Pace  
PO Box 174  
Longmont, CO

Douglas Allan Robb  
2007 Spring Creek Drive  
Laramie, WY 82070

Ann F. Bates  
1504 North Columbia  
Naperville, IL 60563

Jon K. Bates  
9096 County Rd. 14

Honeoye, NY 14472

Helen Bloom  
610 River Road  
Teaneck, NJ 07666

Arnold H. Craine  
221 N. La Salle Street, #1900  
Chicago, IL 60601

Philip M. Day  
140 Windemere Lane  
Boulder, CO 80302

Steven B. Day  
580 Eagle Ridge Rd.  
Longmont, CO 80503-7357

Seldon Kahn  
4234 Gulf Of Mexico Dr., #A-2  
Longboat Key, FL 34228-2503

Daisy H. Kushino, as Trustee of  
the Daisy H. Kushino Revocable Living  
Trust dated 11-1-94  
542 Exmoor  
Elk Grove Village, IL 60007

Louis J. Martino  
901 N. Ocean Boulevard  
Palm Beach, FL 33480

Grant E. Moy  
4348 West Church Street  
Skokie, IL 60076

Morris Rosenzweig  
61 Ridge Road  
Highland Park, IL 60035

Robert Ross, Trustee  
Lance Ross Testamentary Trust  
10 Ridgecrest North  
Scarsdale, NY 10583

Arthur Ross, Trustee  
David Ross Testamentary Trust  
71 Forsythia Lane  
Jericho, NY 11753

Arthur Wong  
One E. Wacker Dr. #3901  
Chicago, IL 60601

Peter B. Teets  
9730 Highland Glen Pl.  
Colo. Springs, CO 80920

Raymond E. & Barbara Sanders  
7911 WCR 20  
Longmont, CO 80504

Todd A. Petry and Callie L. Jones  
9056 Del Camino Lane  
Longmont, CO 80504

Gerry R. Cole  
9136 Del Camino Lane  
Longmont, CO 80504

Richard C. Love and Emma O. Love  
9206 Del Camino Lane  
Longmont, CO 80504

Gary L. Shaw and Linda Shaw  
9240 Del Camino Lane  
Longmont, CO 80504

James R. Burger and Kathy Burger  
9055 Del Camino Lane  
Longmont, CO 80504

Elmer J. Walker, Jr. and Bernice K. Walker  
7501 WCR 20  
Longmont, CO 80504

Patrick W. Dawson and Debra M. Dawson  
9135 Del Camino Lane  
Longmont, CO 80504

Sandy L. Carruth  
9205 Del Camino Lane  
Longmont, CO 80504

Ronald A. Murphy and Ida E. Murphy  
9265 Del Camino Lane  
Longmont, CO 80504

Laura L. Gurule  
9365 Del Camino Lane  
Longmont, CO 80504

Victor Baeza and Josefina Baeza  
9465 Del Camino Lane  
Longmont, CO 80504

Jennifer Vann  
9556 Del Camino Lane  
Longmont, CO 80504

OVERRIDING ROYALTY OWNER:

Lee Locke Bander  
1501 Woodridge  
Abilene, TX 79605

LEASEHOLD INTEREST OWNERS:

Machii-Ross Petroleum Co.  
2901 28th Street, Suite 205  
Santa Monica, CA 90405-2972

Denver East Machinery Company  
15507 E. 18<sup>th</sup> Avenue  
Aurora, CO 80011

BH Energy, Inc.  
601 16<sup>th</sup> Street  
PMBC-344  
Golden, CO 80027