

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

IN THE MATTER OF THE APPLICATION OF  
LARAMIE ENERGY, LLC FOR AN ORDER  
ESTABLISHING WELL LOCATION AND SETBACK  
RULES FOR THE DRILLING OF MESAVERDE  
FORMATION (INCLUDING THE COZZETTE-  
CORCORAN SANDSTONES) IN THE PLATEAU  
FIELD AREA, MESA COUNTY, COLORADO

CAUSE NO. 166

DOCKET NO.

**VERIFIED APPLICATION**

COMES NOW the Applicant, Laramie Energy, LLC, by its attorneys, Poulson, Odell & 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 gas and associated hydrocarbons from the Mesaverde Formation (including the Cozzette-Corcoran Sandstones) underlying certain described lands in the Plateau Field area in Mesa County, Colorado. In support thereof, Laramie Energy, LLC states as follows:

I.

**APPLICATION LANDS**

This Application covers the following described lands in the Plateau Field area located in Mesa County, Colorado, hereafter referred to as Application Lands:

Township 9 South, Range 94 West, 6th P.M.

Section 31: All

Section 32: All

Section 33: S/2

Township 9 South, Range 95 West, 6th P.M.

Section 25: SE/4, E/2 SW/4

Section 35: SE/4

Section 36: E/2, SW/4, E/2 NW/4

Township 10 South, Range 94 West, 6th P.M.

Section 4: All

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 9: All

Section 16: All

Section 17: All

Section 18: All  
Section 19: All  
Section 20: All  
Section 21: All  
Section 28: N/2  
Section 29: N/2  
Section 30: N/2

Township 10 South, Range 95 West, 6th P.M.

Section 1: All  
Section 12: All  
Section 13: All  
Section 24: All  
Section 25: N/2

Applicant is the owner of oil and gas leases within the area described above, and is also the operator of wells producing from the Mesaverde Formation in the area. The Mesaverde Formation as referred to in this Application includes the Cozzette-Corcoran Sandstones.

II.

EXISTING ORDERS

On April 20, 1981, the Commission issued Order No. 166-15, which amended Order No. 166-11, which, among other things, established 160-acre drilling and spacing units for the production of gas from the Mesaverde Formation to cover additional lands, including those described below with the permitted well to be located no closer than 600 feet from the boundaries of the drilling unit:

Township 9 South, Range 94 West, 6th P.M.

Section 31: All  
Section 32: All  
Section 33: SW/4

Township 9 South, Range 95 West, 6th P.M.

Section 36: All

Township 10 South, Range 94 West, 6th P.M.

Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 16: All  
Section 17: All  
Section 18: All  
Section 19: All

Section 20: All  
Section 21: All

Township 10 South, Range 95 West, 6th P.M.

Section 1: All  
Section 12: All  
Section 13: All  
Section 24: All

On May 21, 1984, the Commission entered Order No. 166-19 which, among other things, deleted Sections 31 and 32 of Township 9 South, Range 94 West, 6th P.M. from the spaced area of the Plateau Field, and exempted these lands from Rule 318. This Order was limited only to the Cameo Coal Section of the Mesaverde Formation. On February 14, 2005, the Commission issued Order No. 166-20 which allowed three (3) additional Mesaverde wells to be optionally drilled within the below-described 160-acre drilling and spacing units for a total of four (4) wells, with the permitted well to be located no closer than 600 feet from the boundaries of the drilling unit. The lands involved as described as follows:

Township 9 South, Range 94 West, 6th P.M.

Section 31: S/2  
Section 32: S/2

Township 9 South, Range 95 West, 6th P.M.

Section 36: E/2, SW/4

Township 10 South, Range 94 West, 6th P.M.

Section 5: W/2  
Section 6: All  
Section 7: NE/4, SW/4  
Section 8: All  
Section 16: SW/4  
Section 17: NE/4  
Section 18: W/2, NE/4

Township 10 South, Range 95 West, 6th P.M.

Section 1: NE/4

On February 28, 2006, the Commission issued Corrected Order No. 166-22, which allows three (3) additional Mesaverde wells to be optionally drilled on the following 160-acre drilling and spacing units:

Township 9 South, Range 94 West, 6th P.M.

Section 31: NW/4

Section 32: NW/4

Township 10 South, Range 94 West, 6th P.M.

Section 16: NW/4, SE/4

Section 17: SW/4

Section 19: NW/4

Section 20: SW/4

III.

RULE 318 LANDS

The balance of the lands described as Application Lands above which were not spaced by the aforesaid Orders, are subject to Rule 318 of this Commission.

IV.

APPLICATION

Geological and engineering information obtained in the drilling and producing of wells located within the Application Lands and productive of gas and associated hydrocarbons from the Mesaverde Formation indicates that in order to adequately and efficiently drain the gas and associated hydrocarbons from the formation, it is necessary for Applicant and other operators to have the option to drill said wells on a ten-acre density basis, with the result that up to four wells can be drilled to and completed in the Mesaverde Formation upon each quarter quarter section of land. Applicant requests the Commission issue an Order to increase the number of wells which can optionally be drilled into and produced from the Mesaverde Formation on the Application Lands to the equivalent of one (1) Mesaverde well per ten (10) acres.

- (a) As to areas of the Application Lands within existing drilling and spacing units, to allow the equivalent of one (1) well per ten (10) acres, with all future wells located downhole anywhere within the drilling and spacing unit, but no closer than 100 feet from the boundary of the unit, without exception granted by the Director. In cases where the Application Lands abut or corner lands where the Commission has not, at the time of the drilling permit application, granted the right to drill 10-acre density Mesaverde Formation wells, the well should be located downhole no closer than 200 feet from the boundary or boundaries of the drilling unit abutting or cornering such lands, without exception granted by the Director.

- (b) As to the Application Lands which are unspaced, to allow the drilling of one (1) well per ten (10) acres, with all future wells located downhole anywhere on the Application Lands but no closer than 100 feet from the boundaries of any lease line, without exception granted by the Director. In cases where the Application Lands abut or corner lands when the Commission has not, at the time of the drilling permit application, granted the right to drill ten (10)-acre density Mesaverde Formation wells, the well should be located downhole no closer than 200 feet from the lease line that so abuts or corners the lands where ten (10)-acre density downhole drilling for Mesaverde Formation wells has not been ordered by the Commission.

It is not intended that more than four (4) Mesaverde Formation wells would be drilled on Application Lands per governmental quarter quarter section. Mesaverde Formation wells to be drilled on the Application Lands will be drilled from the surface either vertically or directionally from no more than one (1) pad located on any quarter quarter section unless exception is granted by the Director.

V.

#### CONCLUSION

Applicant alleges and believes that the granting of this Application will prevent waste, protect correlative rights, and assure the greatest ultimate recovery of gas and associated hydrocarbons from the reservoir.

IV.

#### MISCELLANEOUS

The names and addresses of the interested parties according to the rules of this Commission, and based upon the information and belief of the Applicant, are set forth on Exhibit "A" attached hereto and made a part hereof.

WHEREFORE, Applicant requests that this matter be set for hearing in June of 2006, that notice be given as required by law, and that upon such hearing, the Commission enter its Order consistent with Applicant's proposals as set forth above.

DATED this 17th day of April, 2006.

LARAMIE ENERGY, LLC

Applicant's Address:

Laramie Energy, LLC  
730 17<sup>th</sup> Street, Suite 405  
Denver, Colorado 80202

By: \_\_\_\_\_  
William G. Odell  
Poulson, Odell & Peterson  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
Phone: (303) 861-4400

VERIFICATION

STATE OF COLORADO    }  
COUNTY OF DENVER    } ss.

Patricia A. Kacerguis, Operations Administration Manager of Laramie Energy, LLC, upon oath, deposes and says that she has read the foregoing Verified Application being placed 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 her knowledge and belief.

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Patricia A. Kacerguis

Subscribed to and sworn to before me this 17th day of April, 2006 by Patricia A. Kacerguis, Operations Administration Manager of Laramie Energy, LLC.

(SEAL)

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Sydney McCormick, Notary Public  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
My commission expires March 8, 2010.