

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 BRUSH
CREEK FIELD AREA, MESA COUNTY,
COLORADO

CAUSE NO. 429

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 Brush Creek 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 Brush Creek Field area located in Mesa County, Colorado, hereafter referred to as Application Lands:

Township 8 South, Range 94 West, 6th P.M.
Section 33: All

Township 8.5 South, Range 93 West, 6th P.M.
Section 6: All

Township 8.5 South, Range 94 West, 6th P.M.
Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: E/2

Township 9 South, Range 93 West, 6th P.M.

Section 6: All
Section 7: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2, W/2 E/2

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

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: E/2
Section 8: E/2
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: E/2
Section 20: E/2
Section 21: All
Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 35: All
Section 36: All

Township 10 South, Range 93 West, 6th P.M.

Section 6: W/2

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

Section 1: All

Section 2: All

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

In Cause No. 429, Order No. 429-1 dated May 30, 1985, as of May 20, 1985, the Oil and Gas Conservation Commission established drilling and spacing units covering certain of the Application Lands in the Brush Creek Field, for production of gas and associated hydrocarbons from the Mesaverde Formation. The Order established drilling and spacing units of 160 acres to consist of a quarter section of land. The Order provides that the permitted wells are to be located no closer than 600 feet from the quarter section lines. This Order covered the following described lands:

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

Section 1: All

Section 2: All

Section 11: All

Section 12: All

Section 14: All

Subsequent Orders of the Commission and Orders Nos. 429-2 and 429-3 allowed the drilling of up to three additional wells to be optionally drilled and completed on all of the 160-acre drilling and spacing units covered by Order No. 429-1, excepting lands described as the N/2 and SW/4 of Section 1 of Township 9 South, Range 94 West, 6th P.M.

III.

RULE 318 LANDS

The balance of the lands described as Application Lands above which were not spaced in Cause No. 429 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 17th 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.

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)

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