

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

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|------------------------------------|---|---------------------|
| IN THE MATTER OF THE APPLICATION |) | |
| OF ORR ENERGY, LLC FOR AN |) | |
| ORDER DECREASING THE SIZE OF |) | CAUSE NO. 381 |
| DRILLING AND SPACING UNITS |) | |
| FOR THE PRODUCTION OF OIL AND GAS |) | ORDER NO. 381-_____ |
| FROM THE CODELL AND NIOBRARA |) | |
| FORMATIONS AND ESTABLISHING |) | |
| DRILLING AND SPACING UNITS FOR THE |) | |
| J-SAND AND SUSSEX FORMATIONS |) | |
| UNDERLYING CERTAIN LANDS IN |) | |
| WELD COUNTY, COLORADO |) | |

VERIFIED APPLICATION

The Applicant, Orr Energy, LLC Inc., by and through its undersigned counsel, respectfully petition the Oil and Gas Conservation Commission of the State of Colorado as follows:

BACKGROUND

1. Applicant Orr Energy, LLC ("Orr"), is a Colorado limited liability company with an address of 826 9th Street, Greeley, CO 80631.
2. Orr owns leases covering all of the oil and gas under the W/2 SW/4 of Section 32, Township 6 North, Range 66 West, 6th. P.M., Weld County, Colorado, except that part north of the Cache La Poudre River.
3. James M. Martin, G. L. Millsaps and SOCO Wattenberg Corporation own oil and gas leases covering all of the oil and gas under the NW/4 SW/4 of said Section 32 north of the Cache La Poudre River.
4. At the time of this application, no wells have been drilled to the AJ@ Sand, Codell or Niobrara formations in said W/2SW/4.
5. By Declaration of Pooling, dated October 10, 1983 and recorded in Book 1013 under Reception No. 1947515, Calvin Petroleum Corporation and Murray J. Herring declared the NW/4 SW/4 of Section 32 pooled for the production of oil and gas. The Four C Land #2 well, in the NW/4 SW/4, was completed in the Sussex formation in 1983, and was plugged and abandoned in 1995.

6. The Oil and Gas Conservation Commission (“COGCC”) in Cause No. 381 by Order No. 381-5 established 80 drilling and spacing units for production of oil and gas from the Codell and Niobrara formations underlying said Section 32.

7. According to the records of the Commission, the E/2 and W/2 of the SW/4 are the declared spacing units for Codell and Niobrara production.

8. Upon information and belief, the J-Sand and Sussex formations are unspaced in said W/2 SW/4.

9. The COGCC, by Rule 318A, allows up to eight wells to be drilled in each governmental quarter section to all Cretaceous Age formations, and permits commingling of production from such formations.

SPACING REQUEST

10. Orr requests that the Commission enter an Order reducing the size of drilling and spacing units in the Codell and Niobrara formations, and establishing separate 40-acre drilling and spacing units in the J-Sand and Sussex formations, comprised of the SW/4SW/4 and NW/4 SW/4 of said Section 32, Township 6 North, Range 66 West, 6th P.M., Weld County, Colorado.

11. Testimony before the COGCC 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 J-Sand, Codell, Niobrara and Sussex formations underlying the W/2 SW/4 of said Section 32.

12. Such 40-acre units would correspond to the unit upon which royalty was paid on Sussex production from the now-plugged Four C Land #2 well in the NW/4 SW/4.

13. By establishing and maintaining units of the same size for all involved Cretaceous Age formations, 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 various formations for the payment of royalties.

14. 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.

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

16. The names and addresses of the interested parties, based upon Applicants= 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, Orr prays that this matter be set for hearing on June 5, 2006, that notice of said hearing be given as required by law, and that following such hearing the Commission enter an Order establishing 40-acre drilling and spacing units comprised of the SW/4SW/4 and NW/4SW/4 of Section 32, Township 5 North, Range 63 West, 6th P.M., Weld County, Colorado, for production of oil and gas from the J-Sand, Codell, Niobrara and Sussex formations.

RESPECTFULLY SUBMITTED this _____ day of April, 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. 20th Street, Suite B, Greeley, Colorado 80634.
2. He is an agent for the Applicant, Orr Energy, LLC.
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 April, 2006.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT "A"

Interested Parties in the W½SW3 of Section 32, Township 6 North, Range 66 West, 6th P.M.

LANDOWNER ROYALTY (MINERAL) OWNERS:

Camas Colorado, Inc.
1707 Cole Blvd., #100
Golden, CO 80235

Harrison Resource Corporation
2725 Rky. Mtn. Ave., Ste. 400
Ft. Collins, CO 80538

W-W Farm Company
P.O. Box 1850
Greeley, CO 80632

Olando Ltd. Liability Co.
826 9th Street
Greeley, CO 80631

OVERRIDING ROYALTY OWNER:

Cynthia Calvin
747 Newport Street
Denver, CO 80220

SOCO Wattenberg Corporation
1625 Broadway, Suite 2000
Denver, CO 80202

LEASEHOLD INTEREST OWNERS:

Orr Energy, LLC
826 9th Street
Greeley, CO 80631

James M. Martin
RR1, Box 321
943 T Avenue
Council Grove, KS 66846

G. L. Millsaps
825 Buttonwood Drive
Winston-Salem, NC 27104

SOCO Wattenberg Corporation
1625 Broadway, Suite 2000
Denver, CO 80202