

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 BUZZARD
FIELD, MESA COUNTY, COLORADO

CAUSE NO. 371

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 Buzzard Field 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 Buzzard Field located in Mesa County, Colorado, hereafter referred to as Application Lands:

Township 9 South, Range 94 West, 6th P.M.
Section 30: All

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

II.

EXISTING ORDERS

In Cause No. 371, Order No. 371-1 dated June 15, 1981, as of May 18, 1981, the Oil and Gas Conservation Commission established drilling and spacing units covering certain lands located in the Buzzard 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 660 feet from boundaries of the

unit. It covered the Application Lands, together with other lands in the area. By Order No. 371-2 dated June 19, 1984, as of May 21, 1984, the Commission deleted all of Section 30 of Township 9 South, Range 94 West, 6th P.M. from the spaced area for the Buzzard Field, and exempted the same from Rule 318 of the Commission only insofar as it pertains to the Cameo Coal Section of the Mesaverde Formation. All other zones and formations within the Mesaverde remain subject to Order No. 371-1.

III.

REQUESTED APPLICATION

(a) Applicant alleges upon information and belief that the reason and justification for Order No. 371-2 no longer exists, and requests the Commission to rescind said Order insofar as the same pertains to Application Lands.

(b) Geological and engineering information obtained in the drilling and producing of wells located in the area which are 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 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. Applicant requests the Commission to issue its Order allowing all future wells located upon the Application Lands to be located downhole anywhere within a 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 future well or wells 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.

- (i) It is not intended that more than four (4) Mesaverde Formation wells would be drilled on Application Lands, per governmental quarter quarter section.
- (ii) 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.

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.

IV.

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.

V.

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
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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.