

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

IN THE MATTER OF THE APPLICATION OF)	
CDX GAS, LLC FOR AN ORDER VACATING)	
ORDER NO. 1-220 FOR THE WILLIAMS FORK)	Cause No. 1
COAL SEAM FORMATION COVERING)	
CERTAIN LANDS LOCATED IN MOFFAT)	Docket No. _____
COUNTY, COLORADO)	

APPLICATION

CDX Gas, LLC (“Applicant”), by and through its attorney, respectfully applies to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”), for an order vacating a previous Commission order which established an approximate 1,122-acre exploratory unit for the Williams Fork Coal Seam Formation and allowing a horizontal production well system on such lands hereinafter described in Township 7 North, Range 94 West and Township 8 North, Range 94 West, Moffat County, Colorado. In support thereof Applicant states and alleges as follows:

- 1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
- 2. Applicant is the owner and operator of certain leasehold interests in all or portions of the following described lands which are subject to Order No. 1-220 issued effective as of April 25, 2005 by this Commission:

Township 7 North, Range 94 West
Section 3: All
Section 4: E/2E/2

Township 8 North, Range 94 West
Section 33: SE/4
Section 34: S/2S/2

- 3. Through the Order entered into in the referenced cause and docket this Commission authorized the establishment of an approximate 1,122-acre exploratory unit for the Argo #33-16 Well system. The horizontal production legs for the authorized well were to be no closer then 660’ from the exterior boundaries of Sections 3, 4, 33 and 34 without regard to interior shared section lines. This well has not yet been drilled.
- 4. Subsequent to obtaining this Order, the Applicant has been named operator of an approximate 30,720-acre federal unit called the Sugarloaf Unit in Moffat County which includes the Williams Fork Coal Seam Formation. Thereafter, Applicant together with other interest owners has executed a Unit Agreement for the Development and Operation of the Sugarloaf Unit Area, Moffat

County, Colorado and a Unit Operating Agreement for the Sugarloaf Unit Area. Such agreements became effective as of June 16, 2005.

5. The lands included within the exploratory unit area created by Order No. 1-220 are now encompassed within the exterior boundaries of the Sugarloaf Federal Unit.

6. In conjunction with a Plan of Development, meetings with the Bureau of Land Management have resulted in an adjustment and modification to the previously submitted the Argo #33-16 Well Plan as well as a potential contraction of the state authorized unit area into a participating area is likely to be smaller than the 1,122-acre unit previously authorized by this Commission.

7. In light of the complete inclusion of the lands into the Unit Agreement, and in order to avoid duplication of regulatory authority over development within a federal unit, the Applicant respectfully requests that the previously established exploratory drilling unit be vacated such that Applicant may comply with BLM rules, regulations and stipulations and its Plan of Development within this federal unit and participating area.

8. Upon information and belief, the names and addresses of the interest parties are set forth on Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing on the Commission's May, 2006 Docket and that the Commission enter its Order consistent with the Applicant's request set forth hereinabove.

DATED this ____ day of April, 2006.

Respectfully submitted,

CDX GAS, LLC

By: _____
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Beatty & Wozniak, P.C.
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Denver, Colorado 80202
(303) 407-4499

Applicants' Address:

1801 Broadway, Suite 1060
Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

_____, of lawful age, being first duly sworn upon oath, deposes and says that he is the Land Manager, Western Operations for CDX Gas, LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

Subscribed and sworn to before this ____ day of April, 2006.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A
INTERESTED PARTIES

US Dept. of the Interior
Bureau of Land Management
Colorado State Office
2850 Youngfield St.
Lakewood, CO 80215

US Dept. of the Interior
Bureau of Land Management
Little Snake Field Office
455 Emerson Street
Craig, Colorado 81625

Moffat County Board
of Land Commissioners
Attention: Jeff Comstock
221 West Victory Way
Craig, Colorado 81625

State of Colorado Board
of Land Commissioners
620 Centennial Building
1313 Sherman Street
Denver, Colorado 80203