

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

IN THE MATTER OF THE APPLICATION OF PETROLEUM
DEVELOPMENT CORPORATION FOR AN ORDER
ESTABLISHING WELL LOCATION AND SETBACK RULES
FOR THE DRILLING OF WILLIAMS FORK FORMATION
WELLS ON CERTAIN DESCRIBED LANDS IN THE GRAND
VALLEY FIELD AREA, GARFIELD COUNTY, COLORADO

CAUSE NO.

DOCKET NO.

APPLICATION

COMES NOW Petroleum Development Corporation ("Applicant"), a Nevada corporation, by its attorneys, Poulson, Odell and 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 wells from the Williams Fork Formation of the Mesaverde Group underlying certain described lands in the Grand Valley Field area, Garfield County, Colorado and in support of its application states and alleges as follows:

That Applicant is a corporation duly authorized to conduct business in the State of Colorado.

That Applicant owns oil and gas leases covering all or a portion of the following described lands (hereinafter "Application Lands"):

Township 6 South, Range 96 West, 6th P.M.

Section 19: SW/4
Section 30: SW/4, W/2SE/4, Lots 3 and 4
Section 31: NW/4, N/2SW/4, Lots 6 and 7

Township 6 South, Range 97 West, 6th P.M.

Section 23: NE/4, S/2
Section 24: All
Section 25: All
Section 26: All
Section 35: All (Lots 1-4)
Section 36: All (Lots 1-4)

Township 7 South, Range 96 West, 6th P.M.

Section 6: S/2, S/2NE/4, Lots 4 and 5
Section 7: N/2, SE/4
Section 13: Lots 4, 10, 11, 12 and 13
Section 14: E/3SE/4
Section 17: NW/4
Section 18: N/2
Section 23: Lot 1
Section 24: Lots 2, 3, and 4

Township 7 South, Range 97 West 6th P.M.

Section 1: All
Section 2: All
Section 11: NW/4, N/2S/2
Section 12: N/2, N/2S/2

That the Application Lands are unspaced and subject to the Commission's Rule 318(formerly Rule 316).

That multiple wells have been drilled, tested and completed in the Williams Fork Formation of the Mesaverde Group upon the Application Lands or upon lands in close proximity to the Application lands.

That as to the Application Lands, the Commission should allow Williams Fork wells to be drilled on a ten acre density basis thereon with each such well to be located downhole anywhere upon such lands but no closer than 100 feet from the outside boundary of the Application Lands unless such boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10 acre density wells in which event the Williams Fork wells to be drilled upon the Application Lands should be drilled downhole no closer than 200 feet from that portion of the boundary which so abuts or corners the lands in respect of which 10 acre density downhole drilling for Williams Fork wells has not been ordered by the Commission.

That, except as previously authorized by order of the Commission, wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section unless exception is granted by the Colorado Oil and Gas Conservation Commission pursuant to application made for such exception.

The granting of this application will not promote waste; will not violate correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

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

Dated: January _____, 2006.

POULSON, ODELL AND PETERSON, LLC

By: _____
William A. Keefe
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Phone: 303-861-4400

VERIFICATION

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

A. Tyson Johnston of lawful age, being first duly sworn upon oath, deposes and says that he is Landman for Petroleum Development Corporation and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Subscribed and sworn to before me this _____ day of January, 2006.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT A

Shell Exploration & Production Company
ATTN ; Keith Etzel
P.O. Box 576
Houston, TX 77001

Williams RMT Company
ATTN: Jim Shaff
1515 Arapahoe Street
Tower III, Suite 1000
Denver, CO 80202

Orion Energy Partners, LP
ATTN: Rick D. Gallegos
1675 Broadway, Suite 2000
Denver, CO 80202

Occidental Oil & Gas Corporation
ATTN: Paul J.White
607 28-¹/₄ Road, Suite 122
Grand Junction, CO 81506

Mark Bean
Garfield County
144 East 3rd
Rifle, CO 81650

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)
) SS.
CITY AND COUNTY OF DENVER)

That he is the attorney for Petroleum Development Corporation, that on January 30, 2006, he caused a copy of the attached Application in the subject docket to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

My commission expires: July 22, 2007.

Notary Public