

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 ESTAB-  
LISHING WELL LOCATION AND SETBACK RULES  
FOR THE DRILLING OF MESAVERDE FORMATION  
(INCLUDING THE COZZETTE-CORCORAN  
SANDSTONES) WELLS UNDERLYING CERTAIN  
LANDS IN THE BRUSH CREEK FIELD AREA,  
MESA COUNTY, COLORADO

CAUSE NO. 429  
DOCKET NO.  
0611-AW-27

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

Section 19: NE/4 NE/4  
Section 20: NW/4 NW/4, SW/4 NW/4  
Section 31: S/2 N/2, NW/4 SW/4, N/2 S/2 S/2  
Section 32: SE/4 NE/4, N/2 SW/4 NE/4, S/2 NW/4,  
N/2 NW/4 SW/4, SW/4 NW/4 SW/4  
Section 33: NW/4 NE/4, SW/4 NW/4, N/2 NW/4

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

Section 16: E/2 SE/4 SE/4  
Section 20: S/2 NW/4, SW/4 NE/4, SE/4, NE/4 NE/4  
Section 21: E/2, E/2 SW/4, NW/4 SW/4, W/2 NW/4,  
SE/4 NW/4  
Section 22: W/2 W/2, NE/4 NW/4  
Section 28: N/2 NE/4, NE/4 NW/4  
Section 36: NE/4, N/2 SE/4

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.

RULE 318

The Application Lands are subject to Rule 318 of this Commission, which requires that wells drilled in excess of two thousand five hundred (2,500) feet in depth be located not less than six hundred (600) feet from the lease line, and located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply.

III.

ORDER NO. 429-4

By Order No. 429-4 entered by this Commission on June 23, 2006, effective as of June 5, 2006, this Commission (among other things) amended Rule 318 to allow the drilling of ten-acre density Mesaverde Formation wells on certain lands adjacent to the Application Lands. The Order provided that no more than four (4) Mesaverde Formation wells shall be drilled per governmental quarter quarter section, and that said wells shall 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. The Order further provided that the bottom hole location for any such well shall be no closer than one hundred (100) feet from any lease line except in cases where the lands abut or corner lands where the Commission had not, at the time of the drilling permit application, granted the right to drill ten-acre density Mesaverde Formation wells. In such cases, the wells shall be located downhole no closer than two hundred (200) feet from the boundary or boundaries of the lease line.

IV.

APPLICATION

As to the Application Lands, geological and engineering information obtained in the drilling and producing of wells located in the area 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 (10)-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 to 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. All such future wells shall be located downhole anywhere on the Application

Lands, but no closer than one hundred (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 where 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 two hundred (200) feet from the lease line that so abuts or corners the lands where ten (10)-acre density downhole drilling formation Mesaverde Formation wells has not been ordered by the Commission. Applicant further requests that in its Order, the Commission provide that not more than four (4) Mesaverde Formation wells can be drilled on Application Lands per governmental quarter quarter section. Applicant also requests that the Order provide that Mesaverde Formation wells to be drilled on the Application Lands shall be drilled from the surface either vertically or directionally on 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

Pursuant to Rule 503(d) of this Commission, within seven (7) days of the filing of this Application, the Applicant shall submit a Certificate of Service to the Commission demonstrating that the Applicant served a copy of the Application on all persons entitled to Notice by mailing a copy thereof, first-class postage prepaid, to the last known mailing address of the interested parties. Applicant shall simultaneously submit said list of interested parties to the Commission via electronic media.

WHEREFORE, Applicant requests that this matter be set for hearing in October 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 5th day of September, 2006.

LARAMIE ENERGY, LLC

Applicant's Address:  
Laramie Energy, LLC  
1512 Larimer Street, Suite 1000  
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 5th day of September, 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.

Brush Creek

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) WELLS UNDERLY-  
ING CERTAIN LANDS IN THE BRUSH CREEK  
FIELD AREA, MESA COUNTY, COLORADO

CAUSE NO. 429

DOCKET NO.  
0611-AW-27

**AFFIDAVIT OF MAILING**

STATE OF COLORADO }  
COUNTY OF DENVER } ss.

William G. Odell, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Laramie Energy, LLC, that on September 7, 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 attached hereto.

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William G. Odell  
Poulson, Odell & Peterson  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
Phone: (303) 861-4400

Subscribed and sworn to before me this 7th day of September, 2006 by William G. Odell.

(SEAL)

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

EXHIBIT "A"

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EXHIBIT "A"

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