

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  
MODIFYING RULE 318 OF THE COMMISSION  
APPLICABLE TO THE DRILLING FOR AND  
PRODUCING OF GAS AND ASSOCIATED  
HYDROCARBONS FROM THE MESAVERDE  
FORMATION (INCLUDING THE COZZETTE-  
CORCORAN SANDSTONES) IN WELLS  
UNDERLYING CERTAIN DESCRIBED LANDS IN  
MESA COUNTY, COLORADO, IDENTIFIED BY  
APPLICANT AS THE HELL'S GULCH AREA

CAUSE NO. 529

DOCKET NO.  
0611-AW-28

**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 for and producing of gas and associated hydrocarbons from the Mesaverde Formation (including the Cozzette-Corcoran Sandstones) underlying certain described lands in Mesa County, Colorado, identified by Applicant as the Hell's Gulch Area. In support thereof, Laramie Energy, LLC states as follows:

I.

**APPLICATION LANDS**

This Application covers the following described lands in the area located in Mesa County, Colorado, hereinafter referred to as Application Lands:

Township 8 South, Range 92 West, 6th P.M.

Section 23: All

Section 24: All

Section 25: All

Section 26: All

Township 9 South, Range 92 West, 6th P.M.

Section 1: All

Section 2: All

Section 12: All

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 lands which are the subject of this Application 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.

APPLICATION

Geological and engineering information obtained in the drilling and producing of wells located within 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. Applicant requests that the Order provide that all future wells 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 or wells 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. It is not intended that not more than four (4) Mesaverde Formation wells can be drilled on Application Lands per governmental quarter quarter section. 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 granting Applicant's Application as herein requested.

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)

Hell's Gulch

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Sydney McCormick, Notary Public  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
My commission expires March 8, 2010.

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**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  
Denver, Colorado 80203  
My commission expires March 8, 2010.

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ENCANA OIL & GAS (USA), INC.  
370 17TH STREET, SUITE 700  
DENVER, CO 80202

|||||||  
LARAMIE ENERGY, LLC  
1512 LARIMER STREET, SUITE 1000  
DENVER, CO 80202

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EXXON MOBIL CORP  
P.O. BOX 4358  
HOUSTON, TX 77252-4358

|||||||  
MARALEX RESOURCES, INC.  
P.O. BOX 338  
IGNACIO, CO 81137

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STRACHAN EXPLORATION INC.  
383 INVERNESS DR. S., STE 360  
ENGLEWOOD, CO 80112

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ENERGY INVESTMENTS, INC.  
143 UNION BLVD  
LAKEWOOD, CO 80228

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DANIELS PETROLEUM COMPANY  
717 17TH ST., STE. 1545  
DENVER, CO 80202

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EFS ROYALTY PARTNERS L.P.  
120 LONG RIDGE ROAD  
STAMFORD, CT 06927

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WILLIAM G. ODELL  
POULSON, ODELL & PETERSON  
1775 SHERMAN ST., STE. 1400  
DENVER, CO 80203

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DOUG RILEY  
MESA CO. PLANNING & DEVELOPMENT  
P.O. BOX 20000  
GRAND JUNCTION, CO 81502-5022

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BLM - GRAND JUNCTION FIELD OFFICE  
2815 H ROAD  
GRAND JUNCTION, CO 81506

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OWEN AND CLARA TROUT  
300 RACHEL DR., #1004  
BELLEFONTE, PA 16823

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TRUNK BAY ROYALTY PARTNERS, LTD.  
3811 TURTLE CREEK BLVD., LB 16  
DALLAS, TX 75219