

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

IN THE MATTER OF THE APPLICATION OF )	
PETROHUNTER OPERATING COMPANY )	CAUSE NO. 139
FOR AN ORDER ESTABLISHING DRILLING )	
AND SPACING UNITS FOR THE WILLIAMS )	
FORK AND ILES FORMATIONS OF THE )	
MESAVERDE GROUP FOR CERTAIN LANDS) )	
IN GARFIELD COUNTY, COLORADO )	DOCKET NO.

**VERIFIED APPLICATION**

COMES NOW, the Applicant, PetroHunter Operating Company. ("PetroHunter"), by and through its attorneys, Carver Schwarz McNab & Bailey, LLC, and applies to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order: (a) establishing drilling and spacing units for certain lands in Garfield County, Colorado; (b) allowing the number of wells for these lands which can be optionally drilled into and produced from the Williams Fork and Iles Formations of the Mesaverde Group to be the equivalent of one well per 10 acres in certain portions of those lands, and to be the equivalent of one well per 20 acres in others; (c) allowing each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 200 feet from the boundary or boundaries of the drilling unit where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork or Iles Formation well, otherwise allowing each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director. In support of its application, PetroHunter states as follows:

APPLICATION LANDS

I

Applicant is the owner of interests in oil and gas leases covering the following described lands located in Garfield County, Colorado (the "Application Lands"):

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

Section 34: SW $\frac{1}{4}$ SE $\frac{1}{4}$   
SE $\frac{1}{4}$ SW $\frac{1}{4}$   
SE $\frac{1}{4}$ NW $\frac{1}{4}$   
SW $\frac{1}{4}$ NE $\frac{1}{4}$   
NW $\frac{1}{4}$ SE $\frac{1}{4}$   
NE $\frac{1}{4}$ SW $\frac{1}{4}$

Township 8 South, Range 96 West, 6th P.M.

Section 3: Lot 2 (a/d/a NW $\frac{1}{4}$ NE $\frac{1}{4}$ )  
Lot 3 (a/d/a NE $\frac{1}{4}$ NW $\frac{1}{4}$ )  
Section 4 NW $\frac{1}{4}$ NW $\frac{1}{4}$   
SW $\frac{1}{4}$ NW $\frac{1}{4}$

EXISTING ORDERS

II

With regard to those Application Lands located in Township 7 South, in Cause No. 510, Order No. 510-1 provides that for the production of oil and gas from the Williams Fork formation of the Mesaverde group, the permitted wells are to be no closer than four hundred (400) feet from the boundaries of any lease line and no closer than eight hundred (800) feet from any existing well or wells, without an exception being granted by the Director.

With regard to those Application Lands located in Township 8 South, Rule 318.a. of the Rules and Regulations of the Commission 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 any 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.

There are currently no spacing or well density orders affecting any of the Application Lands.

## APPLICATION

### III

PetroHunter requests that Order No. 510-1, be amended as to those portions of the Application Lands located within Township 7 South, as follows: (a) to establish forty (40) acre drilling and spacing units for the Williams Fork and Iles Formations of the Mesaverde Group underlying such Application Lands; (b) to allow the number of wells which can be optionally drilled into and produced from the Williams Fork and Iles Formations within the SE $\frac{1}{4}$ NW $\frac{1}{4}$ , §34 T7S R96W, to be drilled to the equivalent of one well per 20 acres; (c) to allow the number of wells which can be optionally drilled into and produced from the Williams Fork and Iles Formations within the balance of the Application Lands located within §34 T7S R96W to be drilled to the equivalent of one well per 10 acres; (d) to allow each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 200 feet from the boundary or boundaries of the drilling unit where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork or Iles Formation wells, otherwise allowing each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director; and (e) to allow the Williams Fork and Iles wells to be drilled on the Application Lands so that on average, if topographically feasible, such wells shall be drilled from the surface either vertically or directionally from the same pad and no more than one (1) pad shall be located on a given quarter quarter section, unless exception is granted by the Commission.

PetroHunter requests that the Commission establish drilling and spacing rules as to that portion of the Application Lands located within Township 8 South, as follows: (a) to establish forty (40) acre drilling and spacing units for the Williams Fork and Iles Formations of the Mesaverde Group underlying such Application Lands; (b) to allow the number of wells which can be optionally drilled into and produced from the Williams Fork and Iles Formations within that portion of the Application Lands as is located in Section 4 to be the equivalent of one well per 20 acres, (c) to allow the number of wells which can be optionally drilled into and produced from the Williams Fork and Iles Formations within that portion of the Application Lands as is located in Section 3 to be the equivalent of one well per 10 acres; (c) to allow each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 200 feet from the boundary or boundaries of the drilling unit where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork or Iles Formation wells, otherwise allowing each permitted well to be located downhole anywhere in the drilling and spacing unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director; and (e) to allow the Williams Fork and Iles wells to be drilled on the Application Lands so that on average, if topographically feasible, such wells shall be drilled from the surface either vertically or directionally from the same pad and no more than one (1) pad shall be located on a given quarter quarter section, unless exception is granted by the Commission.

### IV

The proposed drilling and spacing rules for the Application Lands will allow more efficient drainage of the Williams Fork and Iles formations of the Mesaverde group, will prevent waste, will not adversely affect correlative rights, and will contribute to the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs.

## GENERAL PROVISIONS

### V

Applicant states that to the best of its information and belief Exhibit A attached to this Verified Application is the list of the names of owners required to be notified in accordance with Commission Rule 507 covering the Application Lands and those contiguous or cornering tracts which may be affected.

VI

A reference map showing the Application Lands and their proximity to similarly issued orders is attached as Exhibit B.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing by the Commission; that notice hereof be given as required by law; and that upon hearing this Commission issue its order granting this Application as requested. Applicant further requests that the Commission in its order grant such other provisions as the Commission may find to be necessary or desirable in the cause.

DATED this 6<sup>th</sup> day of July, 2007.

Respectfully submitted,  
PetroHunter Operating Company.

By: \_\_\_\_\_  
Craig R. Carver  
Carver Schwarz McNab & Bailey, LLC  
1600 Stout Street, Suite 1700  
Denver, Colorado 80202  
(303) 893-1815

Applicant's Address:  
PetroHunter Operating Company  
1875 Lawrence  
Suite 1400  
Denver, Colorado 80202

**VERIFICATION**

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

**Jim Bob Byrd, Vice President of Land and Business Development of PetroHunter Operating Company**, upon oath, deposes and says that he has read the foregoing Verified Application 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 his knowledge and belief.

\_\_\_\_\_  
Jim Bob Byrd

Subscribed to and sworn to before me this \_\_\_\_\_ day of July, 2007 by Jim Bob Byrd, Vice President of Land and Business Development of PetroHunter Operating Company.

My Commission expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

(SEAL)

\_\_\_\_\_  
\_\_\_\_\_  
Address

EXHIBIT A

BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE  
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IN THE MATTER OF THE APPLICATION OF )	
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LIST OF PARTIES

Jesse Smith Garfield County LGD 108 8 <sup>th</sup> Street – Administration Glenwood Springs, CO 81601	Duane Spencer Fluid Minerals BLM Colorado State Office 2850 Youngfield Street Lakewood, CO 80215-7093
EnCana Oil & Gas (USA) Inc. 370 17 <sup>th</sup> Street, Suite 1700 Denver, CO 80202 Attn: Mark Brown	Williams Production RMT Co. 1515 Arapahoe Street Suite 1000, Tower 3 Denver, CO 80202 Attn: Chris Walsh
Apollo Energy LLC 1557 Ogden Street, Suite 300 Denver, CO 80218 Attn: Louis A. Oswald	Noble Energy Inc. 1625 Broadway, Suite 2000 Denver, CO 80202 Attn: Robin Hill