

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

**IN THE MATTER OF THE APPLICATION OF
MINERAL RESOURCES, INC. FOR AN ORDER
POOLING INTERESTS IN THE CRETACEOUS
AGE FORMATIONS FROM THE BASE OF THE
DAKOTA TO THE SURFACE LOCATED IN A
PORTION OF THE WATTENBERG FIELD
IN WELD COUNTY, COLORADO**

CAUSE NO. 318A,

DOCKET NO. ____

COMES NOW, Mineral Resources, Inc., a Colorado corporation ("Applicant") by and through its attorney, Keith M. Crouch, P.C. and for its application for an order for the involuntary pooling of certain interests in production from the Cretaceous formations in the lands described below pursuant to CRS § 34-60-116 states and alleges as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado and owns an interest in and operates oil and gas leases and mineral interests covering portions of certain lands located in Weld County, Colorado described as follows:

T5N, R65W, 6th P.M., Weld County, Colorado
Section 17: S/2NE/4

2. The lands described above are located in the City of Greeley, Colorado and are in populated areas. Applicant owns a 20-acre, more or less, tract of land in the vicinity of the lands described above (the "Drill Site") and plans to use the Drill Site to drill a planned two oil and gas wells directionally from the Drill Site to explore for and produce oil and gas from two bottom hole locations under the lands described above. The two wells are in addition to 11 directional wells drilled and completed by Applicant from the same Drill Site in the prior calendar year. The wells are included in another drilling program of up to 23 wells to be drilled by Applicant from the Drill Site as part of a potential 34 well directional drilling program. The planned wells include boundary well locations for production of oil and gas from the Cretaceous formations in and under the above-described lands.
3. Pursuant to Rule 318A, effective March 1, 2006, operators are authorized to utilize the designated drilling locations to produce all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations, to include "infill" and "boundary" wells as defined by Rule 318A. . The lands are included in the Wattenberg spaced area for the production of oil and gas from the Codell and Niobrara formations (see Order No. 407-1 for the Codell formation and Order No. 407-1 for the Niobrara formation). The Sussex, J-Sand and Dakota formations are unspaced as to the S/2NE/4 of Section 17 above described.
4. Applicant has received permits to drill 20 of the planned 23 wells.
5. As set forth above, Applicant intends to drill two wells to the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the S/2NE/4 of Section 17 above described (the "Spacing Unit").
6. In addition, Applicant owns and operates oil and gas leases and controls mineral interests covering a total of 64.3341 acres, more or less, in the S/2NE/4 of Section 17. A plat of the Spacing Unit is attached hereto as Exhibit A.
7. The Spacing Unit consists of a total of 80-acres, more or less. Approximately 15.6659 acres, more or less, in the S/2NE/4 of Section 17 are unleased.
8. According to the title work completed by Applicant, the unleased interests in the S/2NE/4 of Section 17 total 15.6659 acres, more or less, and those interests are owned by the persons identified on Exhibit B attached hereto.

9. By letters sent to the persons described in Exhibit B, Applicant offered to lease the interests in the oil and gas owned by the unleased owners in the S/2NE/4 of Section 17. The letters included a proposed lease. A representative sample of the letter is attached hereto as Exhibit C.
10. The offer to lease was made pursuant to C.R.S. § 34-60-116(7) c and Rule 530 of the rules of the Commission and the terms thereof comply with the requirements of the statute and rule.
11. In addition, the letter containing the offer to lease described in paragraph 9, Applicant included the opportunity for each owner identified on Exhibit B to bear his, her or its proportionate share of the costs and risks of the drilling and operating the two wells currently planned for the S/2NE/4 of Section 17. The letters included the following information as required by Rule 530 of the Commission's rules:

The location and objective depths of the two wells to be drilled in the S/2NE/4 of Section 17,

The estimated drilling and completion costs of the two wells to be drilled in the N/2NW/4 of Section,

The estimated spud dates for the wells to be drilled in the S/2NE/4 of Section 17 or range of time within which the spudding is to occur and

An AFE prepared by the Applicant and containing the information described above.

12. Because more than 30 days will have elapsed on the date this matter will be heard, the parties listed on Exhibit B who have not elected to bear his, her or its proportionate share of the costs and risks of the drilling and operating the wells to be drilled in the S/2NE/4 of Section 17 will have become non-consenting owners as defined by C.R.S. § 34-60-116(7) and Rule 530 of the rules of the Commission.
13. In order to prevent waste, protect correlative rights and in the best interests of conservation and to foster, encourage and promote the development, production and utilization of the oil and gas natural resources, all the unleased interests in the S/2NE/4 of Section 17 in the J Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B should be pooled in accordance with the provisions of C.R.S. § 34-60-116.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing, this Commission enter its order:

- a. That the S/2NE/4 be designated as the drilling and spacing unit for the two wells and that unleased interests in the 80-acre drilling and spacing unit consisting of the S/2NE/4 of Section 17 described above in the Cretaceous formations from the base of the Dakota formation to the surface, to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B who are "non-consenting owners" as defined by Rule 530 of the rules of the Commission be pooled and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116,
- b. Authorizing the production of oil, gas and associated hydrocarbons from the Cretaceous formations from the base of the Dakota formation to the surface to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations from the Spacing Unit and from locations that are permitted by Rule 318A, and
- c. For such other and further relief as this Commission deems just and proper.

Dated this 9th day of October 2006.

Respectfully Submitted,

Mineral Resources, Inc.

By: _____

Keith M. Crouch, P.C.
Its Attorney
5015 Ingersoll Place
Boulder, CO 80303
303-929-7016
303-444-5624 Facsimile

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

Logan Richardson, of lawful age, being first duly sworn upon oath, deposes and says that he is employed by Applicant, that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Logan Richardson

Subscribed and sworn to before me this 9th day of October, 2006
Witness my hand and official seal.

My commission expires: _____

Notary Public