

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

IN THE MATTER OF THE APPLICATION OF
TRACKER RESOURCE DEVELOPMENT LLC,
SNOWFLAKE MINERALS, LLC, PEAK
PRODUCTION CORP, FRIKON ENERGY CORP.
AND WESSCO LLC FOR AN ORDER POOLING
ALL NON-CONSENTING INTERESTS IN THE
MESAVERDE FORMATION IN AN
ESTABLISHED DRILLING AND SPACING UNIT
LOCATED IN THE IGNACIO BLANCO FIELD
AREA, LA PLATA COUNTY, COLORADO

CAUSE NO: 112

DOCKET NO.:

APPLICATION

COMES NOW, Tracker Resource Development LLC ("Tracker"), Snowflake Minerals, LLC, Peak Production Corp., Frikon Energy Corp. and Wessco LLC (referred to herein collectively as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("COGCC"), for an order to pool all non-consenting interests for the production from the Payne C-2 well located in an approximate 320-acre drilling and spacing unit established for the production of gas and other hydrocarbons from the Mesaverde Formation covering the following described lands in La Plata County, Colorado:

Township 32 North, Range 6 West, N.M.P.M.
Section 17: E/2

(hereinafter "Application Lands")

In support thereof, Applicant states and alleges as follows:

1. That the business entities comprising Applicant are duly authorized to conduct business in the State of Colorado.
2. That Applicant owns an 55.011655% leasehold interest in the 320 acre drilling and spacing unit comprising the Application Lands.
3. That the Application Lands were established as an approximate 320 acre drilling and spacing unit for production of gas and associated hydrocarbons from the Mesaverde Formation pursuant to the Commission's Order No. 112-6 dated November 19, 1959. By its Order No. 112-46 dated July 16, 1979, a second well was approved for the production of gas and associated hydrocarbons from the Mesaverde Formation to be drilled and produced upon the Application Lands.
4. That, upon information and belief, T. H. McElvain Oil & Gas Limited Partnership ("McElvain") owns a 40.44289% leasehold interest in the drilling and spacing unit constituting the Application Lands.

5. That on approximately March 22, 2007, Tracker, as operator on behalf of the parties constituting Applicant, was notified by McElvain that it had intended to drill the Payne C-2 well upon the Application Lands (this being the first well drilled upon the Application Lands). On March 22, 2007, McElvain sent to Tracker an AFE and proposed operating agreement for acceptance by Tracker so that Applicant could participate in the drilling of such well.

6. Tracker, on behalf of the parties constituting Applicant, did not elect to participate in the drilling of such well for the various reasons including that it had not been given sufficient time to consider McElvain's proposal, that the AFE did not include drilling the well first to the Dakota Formation which was a viable target formation for exploration and development upon the Application Lands (and which likely would never be drilled on a stand-alone basis) and because McElvain's proposed costs of drilling the well were too high and not in line with the costs with which Tracker believed the well could be drilled for.

7. McElvain's response to Tracker was if Applicant did not participate in the well or sell its interest to McElvain, that McElvain would force pool Tracker (and presumably the other business entities comprising Applicant) requesting the 200% penalty provisions which could be applied under C.R.S. §34-60-116.

8. Because Applicant believes and therefore contends that it was not given the proper notice and opportunity to participate in the drilling of the Payne C-2 well and that McElvain's proposals were unreasonable, Applicant has elected to file this Application with the Colorado Oil and Gas Conservation Commission requesting that Applicant's leasehold interest in the well be pooled under C.R.S. §34-60-116 as follows:

(a) Such pooling order shall provide that the Applicant's share of proper costs to be recovered by the consenting owners of the drilling unit shall be:

(i) One hundred percent of Applicant's share of the cost of surface equipment beyond the wellhead connection (including but not limited to, stock tanks, separators, treaters, pumping equipment, and piping).

(ii) One hundred percent of the Applicant's share of that portion of the costs and expenses of staking, well site preparation, obtaining rights-of-way, rigging up, drilling, reworking, deepening or plugging back, testing and completing the well, after deducting any cash contributions received by the consenting owners, and one hundred percent of that portion of the cost of equipment in the well, including the wellhead connections.

(iii) That the total of the Applicant's share of the costs to be recovered under subsections (i) and (ii) above shall not exceed \$441,193.47 (being the Applicant's 55.011655% leasehold interest times \$802,000 which amount represents the reasonable cost of drilling and completing the well).

(iv) Plus one hundred percent of the Applicant's share of the cost of operation of the well commencing with first production and continuing until the consenting owners have recovered the costs under (i) and (ii) above as limited by (iii) above, it being understood that Applicant shall have the right to file application with the Commission to protest the amount of such operating costs and the degree to

which consenting parties may recover Applicant's share of same if Applicant believes such costs to be excessive.

(b) That all costs of drilling, testing and completing the well shall be accounted to Applicant for in accordance with the applicable provisions of the COPAS – 1984 – ONSHORE Accounting Procedure.

(c) That any reworking or other subsequent operations on the well after payout in accordance with subsections (i), (ii), (iii) and (iv) above shall be AFE'd to Applicant and if Applicant believes that such costs are excessive, it may seek to have its interest in such subsequent operations pooled on the basis of what the reasonable costs of undertaking such operations would be by making application to the Commission for same.

9. That the order of the Commission issued pursuant to Section 9 above shall not apply to any subsequent Mesaverde wells drilled upon the drilling and spacing unit constituting the Application Lands, it being understood that Applicant shall be given the opportunity to participate in the drilling of any such wells but that if such offer of participation is unreasonable, in the opinion of Applicant, that it shall have the right to seek pooling under the provisions of C.R.S. §34-60-116 in a manner consistent with the requests made in this application.

10. That the pooling of Applicant's interest in the Payne C-2 well, all in the manner as requested above, is fair and reasonable under the circumstances and will afford to Applicant the opportunity to recover or receive its just and equitable share without unnecessary expense.

11. That the names and addresses of the interested parties with respect to this Application are as set forth in Exhibit A hereto.

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 consistent with the requests as set forth above and for such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this ____ day of April, 2007.

Respectfully submitted:

By:

William A. Keefe
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone No.: (303) 861-4400
Facsimile No.: (303) 861-1225

Applicant's Address:

Tracker Resources Development, LLC
Snowflake Minerals, LLC
Peak Production Corp.
Frikon Energy Corp.
Wessco LLC
c/o Tracker Resources Development LLC
Independence Plaza
1050 17th Street, Suite 975
Denver, CO 80265

VERIFICATION

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

Georgia G. Kofoed, of lawful age, being first duly sworn upon oath, deposes and says that she is the Consultant Landman for Tracker Resources Development LLC and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

By: _____
Georgia G. Kofoed

Subscribed and sworn to before me this _____ day of April, 2007.

Witness my hand and official seal.

My commission expires: _____

Notary Public

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AFFIDAVIT OF MAILING

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

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

That he is the attorney for Tracker Resource Development LLC, Snowflake Minerals, LLC, Peak Production Corp., Frikon Energy Corp., and Wessco LLC, that on April _____, 2007, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

By: William A. Keefe

Subscribed and sworn to before me this _____ day of April, 2007.

Witness my hand and official seal.

My commission expires: July 22, 2007.

Notary Public

EXHIBIT A

Tracker Resources Development, LLC
Snowflake Minerals, LLC
Peak Production Corp.
Frikon Energy Corp.
Wessco LLC
c/o Tracker Resources Development LLC
Independence Plaza
1050 17th Street, Suite 975
Denver, CO 80265

John A. & Davylou A. Beaty
1137 County Road 329
Ignacio, CO 81137-9149

Charles Eugene & Marian Tubbs
22265 Highway 140
Hesperus, CO 81326-9403

Energen Resources Corporation
605 Richard Arrington Boulevard North
Birmingham, AL 35203-2707

Southwestern Production Corp.
1675 Larimar Street
Denver, CO 80202

William A. Keefe
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203

Brett Sherman
La Plata County
1060 East 2nd Avenue
Durango, CO 81301

Pure Resources, LLC
900 Unocal Road
Coahoma, TX 79511

Lucille Horther
6776 S. Ivy St., Apt A8
Centennial, CO 80112-6255

T.H. McElvain Oil & Gas Limited
Partnership
1050 17th Street, Suite 1800
Denver, CO 80265