

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

IN THE MATTER OF THE VERIFIED
APPLICATION OF PLAINS EXPLORATION &
PRODUCTION COMPANY FOR AN ORDER
ESTABLISHING WELL LOCATION AND
SETBACK RULES FOR THE DRILLING OF
MESAVERDE FORMATION (INCLUDING THE
COZZETTE-CORCORAN SANDSTONES)
WELLS UNDERLYING CERTAIN LANDS IN
THE EAST PLATEAU FIELD AREA, MESA
COUNTY, COLORADO

CAUSE NO: 166
ORDER NO: 166-25
DOCKET NO:

VERIFIED APPLICATION

COMES NOW the Applicant, Plains Exploration & Production Company, 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, which includes the Williams Fork Formation, Rollins Formation and the Cozzette and Corcoran Formations, (hereinafter collectively referred to as the "Mesaverde Formation") underlying certain described lands in the East Plateau Field area in Mesa County, Colorado. In support thereof, Plains Exploration & Production Company states as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. That Applicant owns a leasehold interest in a substantial portion of the following described lands:

Township 10 South, Range 94 West, 6th P.M.

Section 3: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 10: N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$,
SE $\frac{1}{4}$

Section 11: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 14: NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 15: NE $\frac{1}{4}$ NE $\frac{1}{4}$

3. 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.

4. By Order No. 166-23 entered by this Commission on June 23, 2006, effective as of June 5, 2006, and by Order No. 166-24 entered by this Commission on December 11, 2006, effective as of November 27, 2006, this Commission (among other things) amended previous Orders in Cause No. 166 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.

5. 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.

6. 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.

7. 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 respectfully requests that this matter be set for hearing in November, 2007, that notice be given as required by law, and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

DATED: September 13th, 2007.

PLAINS EXPLORATION & PRODUCTION
COMPANY

By: _____

Scott M. Campbell
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone: (303) 861-4400
Facsimile: (303) 861-1225

VERIFICATION

STATE OF TEXAS

COUNTY OF _____

)
) SS.
)

E.E. Prescott III, of lawful age, being first duly sworn upon oath, deposes and says that he is the Senior Landman of Plains Exploration & Production Company, and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

PLAINS EXPLORATION & PRODUCTION
COMPANY

By: E.E. Prescott III, Senior Landman

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT "A"

JOHN R. JONES
3715 WEST 3800 SOUTH
WEST VALLEY CITY, UTAH 84119

JERRY TED JONES
3082 GLADE COURT
GRAND JUNCTION, COLORADO 81506

CHARLES A. HARRINGTON
63495 SALT CREEK ROAD
COLLBRAN, COLORADO 81624

RODNEY AND JULIE HEWITT
64337 SALT CREEK ROAD
COLLBRAN, COLORADO 81624

VIVIAN E. WEBB TESTAMENTARY TRUST
2156 MONUMENT VILLAGE COURT
GRAND JUNCTION, COLORADO 81503

DAVID WEBB
569 EASTMORE DRIVE
GRAND JUNCTION, COLORADO 81504

ROGER WEBB
P.O. BOX 43
MOLINA, COLORADO 81646

MAITLAND WEBB
BOX 145
WOODRUFF, UTAH 84086

BERNETTA MAE CHARLESWORTH
2156 MONUMENT VILLAGE COURT
GRAND JUNCTION, COLORADO 81503

MILDRED F. HEATH
9 HATHAWAY LANE
HIGHLANDS RANCH, COLORADO 80130

ENCANA OIL & GAS (USA), INC.
370 17TH STREET, SUITE 1700
DENVER, COLORADO 80202

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

BLM – GRAND JUNCTION FIELD OFFICE
2815 H ROAD
GRAND JUNCTION, COLORADO 81506

PLAINS EXPLORATION
& PRODUCTION COMPANY
1021 MAIN STREET, SUITE 2100
HOUSTON, TEXAS 77022

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CAUSE NO: 166
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DOCKET NO:

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)
COUNTY OF DENVER) ss.

Scott M. Campbell, of lawful age, being first duly sworn upon oath, states and declares:

That he is the attorney for Plains Exploration and Production Company, Applicant herein; that on the 13th day of September, 2007, he caused a copy of the attached Application and Notice of Hearing to be deposited in the United States Mail, postage prepaid, addressed to each of the parties listed on Exhibit "A" to the Application.

POULSON, ODELL & PETERSON, LLC

By:

Scott M. Campbell
1775 Sherman Street, Suite 1400
Denver, Colorado 80203-4319
Telephone: (303) 861-4400
Facsimile: (303) 861-1225

Subscribed and sworn to before me this 13th day of September, 2007.

Witness my hand and official seal.

My commission expires: March 8, 2010.

Notary Public

DRAFT

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

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NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

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Applicant owns a leasehold interest in a substantial portion of the following described lands:

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SE $\frac{1}{4}$

Section 11: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 14: NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 15: NE $\frac{1}{4}$ NE $\frac{1}{4}$

It is not intended that more than four (4) Mesaverde Formation wells would be drilled on the application lands per governmental quarter quarter section. Mesaverde Formation wells to be drilled on the application lands will 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.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday and Tuesday, November 5 and 6, 2007

Time: 9:00 A.M.

Place: Suite 801, The Chancery Building
1120 Lincoln Street
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139 prior to the hearing, and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such Orders as it deems appropriate to protect the health, safety, and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509, any interested party desiring to protest the granting of the Application or to intervene on the Application should file with the Commission a written protest or intervention no later than October 22, 2007 briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the Application. An original and twelve (12) copies shall be filed with the Commission (Rule 503). Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of October 22, 2007. Pursuant to Rule 503.f., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by October 22, 2007, the Applicant may request that an administrative hearing be scheduled for the week of November 26, 2007. In the alternative, pursuant to Rule 511.b., if the matter is uncontested, the Applicant may request, and the Director may recommend approval on the basis of the merits of the Verified Application and exhibits.

IN THE NAME OF THE STATE OF COLORADO:

OIL AND GAS CONSERVATION COMMISSION OF
THE STATE OF COLORADO

By: _____
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
_____, 2007

Attorney for Applicant:
Scott M. Campbell
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203-4319
(303) 861-4400