

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

IN THE MATTER OF THE VERIFIED
APPLICATION OF PLAINS EXPLORATION AND
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 BRUSH CREEK FIELD AREA, MESA
COUNTY, COLORADO

CAUSE NO: 429
ORDER NO: 429-6
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 Brush Creek 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 9 South, Range 93 West, 6th P.M.

Section 18: Lot 3(41.45), Lot 4(41.39), SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 19: SE $\frac{1}{4}$, Lot 4(41.08), SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 20: W $\frac{1}{2}$ NW $\frac{1}{4}$

Section 30: E $\frac{1}{2}$, Lot 1(41.14), Lot 2(41.33), Lot 3(41.61), E $\frac{1}{2}$
NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$

Township 9 South, Range 94 West, 6th P.M.

Section 1: Lot 1(40.15), Lot 2(40.44), Lot 3(40.74),
Lot 4(41.03), S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

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. 429-4 entered by this Commission on June 23, 2006, effective as of June 5, 2006, and by Order No. 429-5 entered by this Commission on December 11, 2006, effective as of November 27, 2006, this Commission (among other things) amended Rule 318 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 13, 2007.

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"

ESTATES OF EDWIN & NORVA GUNDERSON
AND THE GUNDERSON RANCH C/O JERRY
GUNDERSON AS PR OF THE ESTATES
5016 S. CHERRY CREEK DRIVE
DENVER, COLORADO 80246

SHANE GUNDERSON, TRUSTEE OF THE
GUNDERSON 2005 IRREVOCABLE TRUST FOR
THE BENEFIT OF TALANA M. JUNGE, DAVID J.
GUNDERSON, AND CHRIS E. GUNDERSON
59762 HIGHWAY 330 EAST
COLLBRAN, COLORADO 81624

KAREN M. LINN
9352 WILMINGTON COURT
HIGHLANDS RANCH, COLORADO 80130

HOWARD LEROY JENSON
2715 1/2 UNAWEEP AVE.
GRAND JUNCTION, COLORADO 81503

RAYMOND R. LYONS ESTATE AND SHIRLEY
LYONS, C/O SHIRLEY LYONS
P.O. BOX 347
COLLBRAN, COLORADO 81624

JAMES E. JENSON
1316 PARK RIDGE DRIVE
EATON, COLORADO 80615

ERIK G. JENSEN
3041 MILBURN COURT
GRAND JUNCTION, COLORADO 81504

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

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

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

IN THE MATTER OF THE APPLICATION OF PLAINS EXPLORATION AND 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 BRUSH CREEK FIELD AREA, MESA COUNTY, COLORADO	CAUSE NO: 429 ORDER NO: 429-6 DOCKET NO:
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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 & 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