

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

IN THE MATTER OF THE APPLICATION OF LARAMIE
ENERGY II, LLC FOR AN ORDER ESTABLISHING
SPACING AND WELL LOCATION RULES FOR THE
WILLIAMS FORK AND ILES FORMATIONS OF THE
MESAVERDE GROUP FOR CERTAIN DESCRIBED
LANDS IN THE RULISON FIELD AREA, GARFIELD
COUNTY, COLORADO

CAUSE NO. 139

DOCKET NO.

APPLICATION

COMES NOW Laramie Energy II, LLC ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order establishing spacing rules and well location rules applicable to the drilling and producing of wells from the Williams Fork and Iles Formations of the Mesaverde Group covering certain described lands in the Rulison Field area, Garfield County, Colorado and in support of its application states and alleges as follows:

1. That Applicant is duly authorized to conduct business in the State of Colorado.
2. That Applicant owns leasehold interests in a substantial portion of the following described lands:

Township 6 South, Range 93 West, 6th P.M.
Section 21: N/2NW/4

(hereinafter "Application Lands")

3. That the Application Lands currently are subject to the Commission's Order No. 139-21 effective July 16, 1991 which established approximate 320 acre drilling and spacing units for the Mesaverde Formation covering certain described lands including the W/2 of Section 21 of Township 6 South, Range 93 West (which encompasses the Application Lands).

4. That Applicant believes it is appropriate that the Commission vacate Order No. 139-21 as it applies to the 320 acre drilling and spacing unit constituting the W/2 of Section 21, Township 6 South, Range 93 West, and establish an approximate eighty (80) acre laydown drilling and spacing unit covering the Application Lands for the Williams Fork and Iles Formations of the Mesaverde Group.

5. That multiple wells have been drilled, tested and completed in the Williams Fork Formation of the Mesaverde Group upon lands in the immediate vicinity of the Application Lands. Some wells also have been drilled to the Iles Formation in the general area of the Application Lands.

6. That to promote efficient drainage within the Williams Fork Formation and Iles Formation of the Mesaverde Group, the Commission should increase the number of wells which

can be optionally drilled into and produced from the Williams Fork Formation and Iles Formation of the Application Lands to the equivalent of one well per ten (10) acres.

7. That as to all future Williams Fork wells and Iles Formation wells to be drilled upon the requested eighty (80) acre drilling and spacing unit constituting the Application Lands, the wells should be located downhole anywhere in the unit but no closer than 100 feet from the boundaries of the unit without exception being granted by the Director of the Oil and Gas Conservation Commission. It is provided however that in cases where a unit abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill ten (10) acre density Williams Fork Wells, the well should be located downhole no closer than 200 feet from the boundary or boundaries of the drilling unit so abutting or cornering such lands without exception being granted by the Director of the Oil and Gas Conservation Commission.

8. That, except as previously authorized by order of the Commission, wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Director of the Oil and Gas Conservation Commission pursuant to application made for such exception.

10. That all wells drilled to the Iles Formation will be drilled only in connection with the drilling of Williams Fork Formation wells.

11. The granting of this application will not promote waste; will not violate correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

11. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in December, 2008, 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: October ____, 2008.

BEATTY & WOZNIAK, P.C.

By: _____
William A. Keefe
216 16th St., Suite 1100
Denver, Colorado 80202
(ph) 303-407-0475
(fax) 303-407-4494

VERIFICATION

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

Mark R. Petry, of lawful age, being first duly sworn upon oath, deposes and says that he is a Vice President of Business Development for Laramie Energy II, LLC 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.

Mark R. Petry

Subscribed and sworn to before me this _____ day of October, 2008.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A

Robert Jay Zanella
11848 County Road 320
Rifle, CO 81650-9696

David M. Johnson and Anna R. Johnson
& David Lee Johnson
0055 County Road 317
Rifle, CO 81650

Jonathon Reed & Associates Inc.
830 Main Ct
Carbondale, CO 81623

James Alan Shannon, Jr. and Sheila M. Shannon
P.O. Box 1008
Rifle, CO 81650-1008

Jeffrey H. Bown and Lee Ann Bown
P.O. Box 21
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Diane L. Heber
11772 County Road 320
Rifle, CO 81650

Sunset Townhomes, LLC
11760 County Road 320
Rifle, CO 81650

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P.O. Box 2672
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Klomhaus & Waller, Inc.
c/o Jim Douglas
4016 Sky Ranch Dr.
Glenwood Springs, CO 81601

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Carbondale, CO 81623

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Gilbert Frontella
P.O. Box 1666
Rifle, CO 81650

Mahogany Mesa Townhomes Association
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Andrew Nardecchia and Katherine Nardecchia
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Terry E. Keane
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Glenwood Springs, CO 81601

John R. Jensen and Catherine A. Jensen Rev. Trust
3/31/2003
12152 Califa St.
ValleyVillage, CA 91607

Daniel B. Chicoine and Penelope L. Chicoine
501 W Castle Court
Glenwood Springs, CO 81601

Kenneth Andrew Murphy and Jill Christine Murphy
P.O. Box 2916
Glenwood Springs, CO 81602

PNN Land and Home, LLC
P.O. Box 1329
Glenwood Springs, CO 81602

Debra A. Lyells
11863 County Road 320
Rifle, CO 81650

Roy H. Coombs and Rhonda L. Combs
465 County Road 321
Rifle, CO 81650-9615

G. Thomas Morton and Debra E. Rivera-Morton
1487 County Road
Glenwood Springs, CO 81601

Patrick Duncan and Miranda Murphy
11773 County Road 320
Rifle, CO 81650

Douglas E. Maddocks
505 N Golden Dr
Silt, CO 81652-8618

G. Thomas Morton and Debra E. Rivera
11741 County Road 320
Rifle, CO 81650

Western Exploration Corporation
922 Sabil Drive
Fruita, CO 81521

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922 Sabil Drive
Fruita, CO 81521

Juanita M. Layne and Layne Family Limited
Partnership, LLP
12011 County Road 320
Rifle, CO 81650

Myoelectric Products, Inc.
119 W 7th St. South
Rifle, CO 81650-2715

Michael D. Hanko and Terri A. Hanko
11876 County Road 320
Rifle, CO 81650-9696

Bob Hauck a/k/a Robert A. Hauck and
Carolyn J. Hauck
719 South White River Ave.
Rifle, CO 81650

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202

Laramie Energy II, LLC
1512 Larimer Street, Suite 1000
Denver, CO 80202

Laramie Energy II, LLC
601 28-1/4 Road, Suite D
Grand Junction, CO 81506

Antero Resources Piceance Corporation
1625 17th Street, Suite 300
Denver, CO 80202

Judith H. Jordan
Garfield County
0375 County Road 352, Bldg 2060
Rifle, CO 81650

Bureau of Land Management
Attn: Marty O'Mara
2425 South Grand Ave., Suite 101
Glenwood Springs, CO 81601

Bureau of Land Management
Attn: Duane Spencer
2850 Youngfield Street
Lakewood, CO 80215

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RULES FOR THE WILLIAMS FORK FORMATION
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CAUSE NO.

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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 Laramie Energy II, LLC, that on or before October 13, 2008, 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.

William A. Keefe

Subscribed and sworn to before me on October _____, 2008.

Witness my hand and official seal.

My commission expires: _____.

Notary Public