

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: 429-7  
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 94 West, 6<sup>th</sup> P.M.  
Section 23: E½ NE¼

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 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 January, 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: November 20, 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.  
)

Tere Myers, of lawful age, being first duly sworn upon oath, deposes and says that she is a Senior Landman of Plains Exploration & Production Company, 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.

PLAINS EXPLORATION & PRODUCTION  
COMPANY

By: Tere Myers, Senior Landman

Subscribed and sworn to before me this \_\_\_\_\_ day of November, 2007.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

Notary Public

EXHIBIT "A"

THE ESTATE OF EDWIN GUNDERSON, JR., C/O  
JERRY GUNDERSON, PERS. REPRESENTATIVE  
5016 S CHERRY CREEK DR  
DENVER, CO 80246

THE ESTATE OF EDWIN GUNDERSON, JR., C/O  
JERRY GUNDERSON, PERS. REPRESENTATIVE  
1505 RIESLING COURT  
LAS VEGAS, NV 89144

THE ESTATE OF NORVA GUNDERSON, C/O  
JERRY GUNDERSON, PERS. REPRESENTATIVE  
5016 S CHERRY CREEK DR  
DENVER, CO 80246

THE ESTATE OF NORVA GUNDERSON, C/O  
JERRY GUNDERSON, PERS. REPRESENTATIVE  
1505 RIESLING COURT  
LAS VEGAS, NV 89144

JEFFREY LEE DAVID  
ELIZABETH DECHELBOR-DAVID  
64701 HIGHWAY 330 E  
COLBRAN, CO 81624

JOAN LOIS TUPPER  
5354 BRAUN ST  
ARVADA, CO 80002

JANET ELOISE TUPPER  
C/O JOAN LOIS TUPPER  
5354 BRAUN ST  
ARVADA, CO 80002

KAREN J. BOSCH  
3151 F ROAD  
GRAND JUNCTION, CO 81504

TERE MYERS, SENIOR LANDMAN  
PLAINS EXPLORATION & PRODUCTION COMPANY  
1021 MAIN ST., STE 2100  
HOUSTON, TX 77022

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

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

SUSAN NICHOLS  
60770 SALT CREEK RD  
COLBRAN, CO 81624

SCOTT M. CAMPBELL  
POULSON, ODELL & PETERSON  
1775 SHERMAN ST, STE 1400  
DENVER, CO 80203-4319

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
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CAUSE NO: 429  
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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 20th day of November, 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 20th day of November, 2007.

Witness my hand and official seal.

My commission expires: March 8, 2010.

\_\_\_\_\_  
Notary Public

DRAFT

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
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IN THE MATTER OF THE VERIFIED  
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DOCKET NO:

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

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.

On June 23, 2006, effective as of June 5, 2006, the Commission entered Order No. 429-4. On December 11, 2006, effective as of November 27, 2006, the Commission entered Order No. 429-5. Order Nos. 429-4, and 429-5, 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.

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

Township 9 South, Range 94 West, 6<sup>th</sup> P.M.  
Section 23: E/2NE/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: Tuesday and Wednesday, January 15 & 16, 2008  
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 January 2, 2008 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 December 31, 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 January 2, 2008, the Applicant may request that an administrative hearing be scheduled for the week of December 31, 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