

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

YATES PETROLEUM CORPORATION'S
VERIFIED APPLICATION FOR AN ORDER
CREATING AN 80 ACRE EXPLORATORY
DRILLING UNIT IN LOTS 9 AND 10 (BEING
APPROXIMATELY THE S½NW¼), SECTION 31
TOWNSHIP 12 NORTH, RANGE 90 WEST, 6TH
P.M., MOFFAT COUNTY, COLORADO, FOR THE
DRILLING OF A WELL TO THE LEWIS AND
MESAVERDE FORMATIONS; AND APPLICATION
FOR AN ORDER POOLING ALL NON-
CONSENTING INTERESTS

CAUSE NO:

ORDER NO:

DOCKET NO:

VERIFIED APPLICATION

COMES NOW the Applicant, Yates Petroleum Corporation, by its attorneys, Scott M. Campbell and Nick A. Swartzendruber, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an Order creating an 80 acre exploratory drilling unit in Lots 9, 10, Section 31, Township 12 North, Range 90 West, 6th P.M., Moffat County, Colorado, for the drilling of an exploratory well to the Lewis and Mesaverde Formations; and for an order pooling all non-consenting interests. In support thereof, Yates Petroleum Corporation 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 the following described lands, located in Moffat County, Colorado:

Township 12 North, Range 90 West, 6th P.M.

Section 31: Lot 9 (41.19), Lot 10 (39.59) (Lots 9 and 10 being approximately
the S½NW¼)

(the "Application Lands").

EXPLORATORY DRILLING AND SPACING UNIT

3. Applicant is the lessee under a fee lease covering Lot 9, among other lands; and it is the lessee under a federal lease covering Lot 10, among other lands.
4. The Application Lands are subject to Rule 318 of this Commission.
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 Lewis and Mesa Verde Formations, indicate the possible existence of a pool of an approximate 80 acre size. Moreover, the Commission has previously established 80 acre drilling and spacing units in these Formations in other areas located within the San Juan Basin.

6. The establishment of an 80 acre exploratory drilling and spacing unit will allow the Applicant to obtain additional evidence as to the existence of a pool underlying the Application Lands.

7. Preliminarily, it is therefore believed that an 80 acre exploratory drilling and spacing unit will not be smaller than the maximum area that can be efficiently and economically drained by one well producing from the Formations, and that the correlative rights of all parties will be protected. Applicant further alleges that well may be drilled in a manner consistent with the protection of public health, safety and welfare.

POOLING OF NON-CONSENTING INTERESTS

8. Applicant has so far been unable to obtain 100% consent to voluntary pooling by all net revenue interests owners in the proposed exploratory drilling and spacing unit. As a result, it is necessary and proper for Applicant to request that the interests of those net revenue interest owners which have not agreed to such voluntary pooling be involuntarily pooled pursuant to C. R. S. § 34-60-116 of the Colorado Oil and Gas Conservation Act.

9. That with respect to those net revenue interest owners which would participate in production from anticipated well, Applicant has made and continues to make reasonable attempts pursuant to COGCC Rule 530.b. to enter into leases with such parties but has so far been unsuccessful in such attempts.

10. That in order to prevent waste, protect correlative rights and in the best interests of conservation, all interests owned by the unleased mineral owners listed on Exhibit A should be pooled from the anticipated reservoir in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC.

11. 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 June, 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: April _____, 2008.

Yates Petroleum Corporation

By: _____

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

VERIFICATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

Cody Moore, of lawful age, being first duly sworn upon oath, deposes and says that he is an Associate Landman, for Yates Petroleum Corporation, 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.

YATES PETROLEUM CORPORATION

By: _____
Cody Moore, Associate Landman

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A
Attached to and made a part of the
Verified Application of Yates Petroleum Corporation
Cause No. _____, Docket No. _____

Flattops Ranch LLP
55400 County Road US
Yuma, CO 80759-9660

Julie Ann Bury
4106 Wolff Street
Denver, CO 80213-3228

Scott M. Campbell
Nick A. Swartzendruber
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, CO 80203

Cody Moore, Associate Landman
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210-2118

Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215-7093

Jeff Comstock
Moffat County
221 W. Victor Way, Suite 130
Craig, CO 81501

Museum of Northwest Colorado
590 Yampa Ave
Craig, CO 81625

The Rendle Company
2552 E. Alameda, #104
Denver, CO 80209

Jeff Todd Bury
P.O. Box 802
Laramie, WY 82073

William Volmer
890 Depew Street
Lakewood, CO 80214

Donald Norman Stratton
525 Stratton Court
Rawlins, WY 82301

Phyllis J. Robbins
1924 East 1st Street
Casper, WY 82601

Janice Marie Bury
W.240N.2300-B Parkway Meadow Circle
Pewaukee, WI 53072-5866

Joyce Ann Bury-Bryant
4321 Wellington Drive
Fort Collins, CO 80526

Leslie Mack
2214 S. 41st Street
Omaha, NE 68105

Judith Kay Bury
2640 Valley View Dr.
Denver, CO 80221-3827

Eugene L. Robbins
3700 S. Westport Ave PMB2570
Sioux Falls, SD 57106-6360

Linda Petrash
6574 South Datura
Littleton, CO 80120

Leslie Ann Mack
2214 S. 41st Street
"Omaha, NE 68105

David Mack
888 E. Davies Ave
Littleton, CO 80122

Edmund Mack aka Edward Mack
4801 Dona Lane
Golden Valley, MN 55422

Farrest M. Loper
6633 Rapp Lane
Talent, OR 97540

James Phillip Espy
P.O. Box 146
Savery, WY 82332

Jeanne Elaine Bury
2580 Westchester Dr.
Denver, CO 80221-3259

Mary Ann Heaps
2320 Clark Ave
Billings, MT 59102

Heath Volmer
7014 W. Hinsdale Drive
Littleton, CO 80128

Janine Bury Rauch
5301 Nez Perce
Bar Nunn, WY 82601-7481

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AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

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

That he is the attorney for Yates Petroleum Corporation, Applicant herein; that on the April _____, 2008, he caused a copy of the attached Application 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
 Nick A. Swartzendruber
 1775 Sherman Street, Suite 1400
 Denver, Colorado 80203-4319
 Telephone: (303) 861-4400

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

Witness my hand and official seal.

My commission expires: July 22, 2011.

Notary Public