

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

IN THE MATTER OF THE APPLICATION OF)
FOUNDATION ENERGY MANAGEMENT, LLC)
FOR AN ORDER POOLING NONCONSENTING)
INTERESTS IN THE "J" SAND CODELL AND) Cause No. 381
NIOBRARA FORMATIONS IN A WELLBORE)
SPACING UNIT FOR THE BARNEY 5 WELL) Docket No.
LOCATED IN THE GREATER WATTENBERG)
AREA, WELD COUNTY, COLORADO)

APPLICATION

Foundation Energy Management, LLC as the sole Manager for Foundation Energy Fund I ("Applicant"), by and through its undersigned counsel, requests the Oil and Gas Conservation Commission of the State of Colorado ("COGCC"), enter an order pooling all non-consenting interests for the drilling of the Barney 5 well ("Well") in a wellbore spacing unit consisting of the four governmental quarter-quarter sections nearest the wellbore for production from the "J" Sand, Codell and Niobrara formations. In support thereof, the Applicant states as follows:

- 1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
- 2. Applicant owns interests in the following described lands ("Application Lands") which lands are located in the Greater Wattenberg Area as defined in COGCC Rule 318A:

Township 6 North, Range 66 West, 6th P.M.
Section 23: SE ¼ SW ¼
Weld County, Colorado

- 3. Applicant has proposed drilling the Well as a directional well with a surface location 246 feet FSL and 1500 feet FWL in the Application Lands and a proposed bottom hole location 1320 feet FSL and 2740 feet FWL of the same section. Applicant intends to drill the Well to a depth sufficient to test the "J" Sand, Codell and Niobrara formations.

- 4. On June 27, 1983, COGCC issued Order No. 381-1 establishing 80-acre drilling and spacing units for the production of oil and associated hydrocarbons from the Codell formation all lands in Township 6 North, Range 66 West. On June 18, 1984, COGCC issued Order 381-2 establishing 80-acre drilling and spacing units for the production of oil and associated hydrocarbons from the Niobrara formation underlying the same lands. On February 18, 1985, COGCC issued Order 381-5, allowing the option to drill an additional well on each 80-acre drilling and spacing unit in the undrilled 40-acre tract for the production of oil and associated hydrocarbons from the Codell and Niobrara formations underlying the lands in the Bracewell Field described.

- 5. Under Rule 318A.e the Commission established wellbore spacing units for any well proposed to be located less than 460 feet from the outer boundary of an existing drilling and spacing unit, with the wellbore spacing unit for such well to be comprised of four governmental quarter-quarter sections nearest the wellbore regardless of section or quarter section lines.

- 6. The four governmental quarter-quarter sections nearest the proposed bottom hole location of the Well ("Wellbore Spacing Unit") are:

Township 6 North, Range 66 West, 6th P.M.
Section 23: E½SW¼, W½SE¼
Weld County, Colorado

- 7. Applicant designated the Wellbore Spacing Unit as the wellbore spacing unit for the Barney 5 well.

- 8. Some of the parties listed in Exhibit A hereto own separate leased mineral interests in the Wellbore Spacing Unit and such parties have been offered the option to participate in the drilling of the Well, but to date one or more of such parties have refused to participate by bearing their proportionate shares of costs and risks of drilling and operating the Well. An Authorization for Expenditure ("AFE") for the Well containing information required by COGCC Rule 530.a. was sent

more than 30 days prior to the date of the hearing on this Application. An example of such AFE and letter is attached hereto as Exhibit B.

9. Moreover, with respect to any non-consenting owners of unleased mineral interests listed on Exhibit A, Applicant has made reasonable attempts pursuant to COGCC Rule 530.b. to enter into leases with such parties but has as of yet been unsuccessful in such attempts.

10. In order to prevent waste, protect correlative rights and in the best interests of conservation, all interests in the Codell and Niobrara formations in the Wellbore Spacing Unit owned by the nonconsenting parties listed on Exhibit A should be pooled in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC.

11. Names and addresses of the interested parties with respect to this Application are as set forth in Exhibit A hereto.

WHEREFORE, Applicant respectfully requests this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. That all leasehold interest owners with whom Applicant has been unable to secure an agreement for the drilling of the proposed wells and all unleased mineral interests owners who refuse to execute a lease as described in paragraphs 4 and 5 be pooled involuntarily with respect to the Codell and Niobrara formations in the Wellbore Spacing Unit, and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the terms and penalties provided for therein.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 19th day of March, 2008.

Respectfully submitted,
WELBORN SULLIVAN MECK & TOOLEY, P.C.

By:

Stephen J. Sullivan
821 17th Street, Suite 500
Denver, CO 80202
(303) 830-2500

Applicants' Address:
14800 Landmark Blvd., Suite 220
Dallas, TX 75254

VERIFICATION

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

Joel P. Sauer, Vice President of Foundation Energy Management, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

FOUNDATION ENERGY MANAGEMENT, LLC

By: _____
Joel P. Sauer, Vice President

Subscribed and sworn to before me this _____ day of March, 2008, by Joel P. Sauer, Vice President of Foundation Energy Management, LLC.

Witness my hand and official seal. My commission expires: _____

Notary Public

EXHIBIT A

Interested Parties

Consenting or Leased

Foundation Energy Management, LLC
14800 Landmark Blvd., Suite 220
Dallas, TX 75254

Non-Consenting or Unleased

TARH E&P Holdings, L.P.
410 17th Street, Suite 1610
Denver, Colorado 80202

Alexander Energy
85 Jeffrey Pine Lane
Carson City, NV 89705

James W. Alexander, Trustee
James W. Alexander Living Trust
85 Jeffrey Pine Lane
Carson City, NV 89705

Foundation Energy Management, LLC	
Exhibit A	Cause No. 381
Barney 5 Well	Docket No.
List of Owners	Rule 318A
	Weld County

EXHIBIT B

Well Proposal Letter and AFE

Foundation Energy Management, LLC	
Exhibit B Barney 5 Well Well Proposal and AFE	Cause No. 381 Docket No. Rule 318A Weld County

CERTIFICATE OF MAILING

The undersigned hereby certifies that on March 19, 2008, a true and correct copy of the foregoing APPLICATION was placed in the United States Mail, first class postage prepaid, addressed to the following:

TAHR E&P Holdings, L.P.
410 17th Street, Suite 1610
Denver, CO 80202

Alexander Energy
85 Jeffrey Pine Lane
Carson City, NV 89705

James W. Alexander, Trustee
James W. Alexander Living Trust
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Carson City, NV 89705
