

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

IN THE MATTER OF THE PROMULGATION AND  
ESTABLISHMENT OF FIELD RULES TO GOVERN  
OPERATIONS IN ARAPAHOE FIELD, CHEYENNE  
COUNTY, COLORADO

CAUSE NO. 449

DOCKET NO.

**APPLICATION**

COMES NOW Direct Petroleum Exploration, Inc. ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order granting an exception location for the location of the Shirley Rother # 1 well; rescinding the production restrictions contained in Rule 3 of Order No. 449-20 insofar as they cover the Morrow Formation underlying the Application Lands (as described below), and as grounds for such relief states and alleges as follows:

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

Township 14 South, Range 42 West, 6<sup>th</sup> P.M., Cheyenne County, Colorado  
Section 33: All

(hereinafter "Application Lands")

3. That, under the Commission's Order 449-14 dated August 15, 1988, the Application Lands were established as approximate 80 acre drilling and spacing units with production restrictions applicable to the production of oil and associated hydrocarbons from the Morrow Formation underlying the Application Lands (and other lands).

4. Rule 5 of such order provides as follows:

*A maximum allowable of 100 mcf of gas per day leaving the unit, based on a monthly average, and 300 barrels of fluid per day, per 80-acre unit, shall be imposed on the production of all wells within the Arapahoe Field, and whichever allowable is reached first shall be the maximum allowable for that well.*

5. That under such order, the permitted well for each 80-acre unit shall be located in the center of the NE/4 and the SW/4 of each quarter section with a tolerance of 200 feet in any direction.

6. That Applicant drilled Shirley Rother # 1 well in the SE/4SW/4 of the Application Lands, such well being located 1538 feet FWL and 693 feet FSL. This well was drilled under an APD approved by the Colorado Oil and Conservation Commission staff. Subsequent to the drilling of the well, Applicant was notified that an error had been made in approving this location due to inconsistent well location requirements under an existing order of the Commission and requested that Applicant file an exception location request. Such exception location request has been filed and is pending before the Commission staff.

7. The Shirley Rother # 1 well was completed as a producer from the Morrow Formation but is under production restrictions as a result of the Commission's Order # 449-14.

8. As a result of the high porosity and permeability of the Morrow Formation within which the Shirley Rother #1 well was completed, this well is uneconomic to produce because of production restrictions. If production restrictions are rescinded, the well will be economic to produce.

9. Pursuant to Orders No. 449-25 and 456-3 (Corrected) dated as of September 19, 1989, the Commission rescinded the production restrictions for the Arapahoe Unit and Arapahoe East Unit respectively, Pursuant to Orders No. 449-31, 458-2 and 477-2 dated December 17, 1991, the Commission rescinded the production restrictions for the Northwest Arapahoe Unit. Pursuant to Order No. 449-32 dated July 9, 1998, the Commission rescinded the production restrictions for certain lands including certain described lands in Township 14 South, Range 42 West.

10. Applicant contends and asserts that correlative rights will not be violated if such production restrictions are rescinded with respect to the Application Lands including the Shirley Rother # 1 well.

11. Applicant therefore requests that the production restrictions applicable under the Commission's Order 449-14 be rescinded as they apply to the Application Lands and that the Shirley Rother # 1 well be approved as an exception location for the well in the E/2SW/4 of the Application Lands.

12. 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.

13. 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 September, 2008, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's requests as set forth above.

Dated: July\_\_\_\_, 2008.

**BEATTY & WOZNIAK, P.C.**

By: \_\_\_\_\_  
William A. Keefe  
216 Sixteenth St, Suite 1100  
Denver, Colorado 80202-5110  
(ph) 303-407-4475

**VERIFICATION**

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

Edward J. Names, of lawful age, being first duly sworn upon oath, deposes and says that he is Vice President of Corporate Development for Direct Petroleum Exploration, Inc 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.

\_\_\_\_\_  
Edward J. Names

Subscribed and sworn to before me this \_\_\_\_\_ day of July, 2008.

Witness my hand and official seal.

My commission expires:

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

**EXHIBIT A**  
**NOTICE LIST**

Anadarko Petroleum Corporation  
Attention: Duane Haley  
P.O. Box 173779  
Denver, CO 80217-3779

James O'Malley  
Anadarko E&P Company LP  
Anadarko Land Corporation  
P.O. Box 1330  
Houston, TX 77251-1330

Citation Oil & Gas Corporation  
Attention: Operations Central Region  
8223 Willow Place Drive South  
Houston, TX 77070-4631

Ambie Cullens  
Cheyenne County  
51 South 1st.  
PO Box 36  
Cheyenne Wells, CO 80810

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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 Direct Petroleum Exploration, Inc. and that on or before July \_\_\_\_\_, 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 July\_\_\_\_\_, 2008.

Witness my hand and official seal.

My commission expires:

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