

**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 FOR THE ILES FORMATION OF THE
MESAVERDE GROUP AND DENSITY 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. 440

DOCKET NO.

APPLICATION

COMES NOW Laramie Energy II, LLC ("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 establishing spacing rules for the Iles Formation of the Mesaverde Group and well density 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 7 South, Range 95 West, 6th P.M.
Section 15: NE/4SW/4

(hereinafter "Application Lands")

3. That the Application Lands were established as an approximate 40 acre drilling and spacing unit for the production of gas and associated hydrocarbons from the Williams Fork Formation of the Mesaverde Group under Commission's 440-42 dated February 20, 2007, which order also granted 20 acre density drilling for such formation. That the Application Lands as to the Iles Formation are part of a 320 acre drilling and spacing unit (constituting the W/2 of Section 15) established under the Commission's order 440-12 dated April 20, 1990. That there are no wells on the Application Lands that penetrate the Iles Formation.

4. That multiple wells have been drilled to the Williams Fork in the area of the Application Lands and that some wells have been drilled to the Iles Formation in the more general area of the Application Lands.

5. That to promote efficient drainage within both the Williams Fork Formation and the Iles Formation of the Mesaverde Group, the Commission should vacate the 320 acre drilling and spacing unit described as the W/2 of Section 15, Township 7 South, Range 95 West, 6th P.M., existing for the Iles Formation of the Mesaverde Group established under the above described Order 440-12 (such order previously having been vacated as to these lands for the Williams Fork

Formation of the Mesaverde Group under the above described Order 440-42); establish an approximate 40 acre drilling and spacing unit for the Application Lands as to the Iles Formation and authorize ten acre density drilling upon the Application Lands for both the Williams Fork Formation and the Iles Formation.

6. That as to all future Williams Fork Formation and Iles Formation wells to be drilled upon the Application Lands, the wells should be located downhole anywhere within a given drilling unit but no closer than 100 feet from the boundary or 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 drilling and spacing unit of the Application Lands 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 unit so abutting or cornering such lands without exception being granted by the Director of the Oil and Gas Conservation Commission.

7. 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.

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

9. 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.

10. 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 proposals 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)
) 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 Director of Business Development and Land Administration 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 July, 2008.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A
NOTICE LIST

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

Laramie Energy II, LLC
Attn: Mark Petry
1512 Larimer Street, Suite 1000
Denver, CO 80202

Garfield County,
Attn: Judith Jordan
144 , 3rd Street, Suite 203
Glenwood Springs, Colorado 81601

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

Williams Production RMT Company*
Attn: Joe Barrett
Tower 3, Suite 1000
1515 Arapahoe Street
Denver, CO 80202

ABO Petroleum Corporation
Myco Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South 4th Street
Artesia, New Mexico 88210

Burlington Resources Oil & Gas Company,
a wholly owned subsidiary of Conoco Phillips
P.O. Box 7500
Barlesville, OK 74005-7500

ExxonMobil
P.O. Box 4697
Houston, TX 77210-4697

SandRidge Energy, Inc.
1601 Northwest Expressway, Suite 1600
Oklahoma City, OK 73118

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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 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