

June 29, 2009

David Neslin, Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 800  
Denver, CO 80203

Dear Mr. Neslin:

Wiepking-Fullerton Energy, LLC as leaseholder and operator of the W½ of Section 17, Township 14 South, Range 42 West, 6<sup>th</sup> P.M., Cheyenne County, Colorado hereby files the attached petition requesting a variance in accordance with Rule 4 of Order No. 449-20 from the provisions of Order No. 449-7 to allow the re-entry of the Lewis 22-17 #4 wellbore at an exception location and to remove the limitations established for production of gas from the Morrow A Formation.

Prior drilling at this location has confirmed the presence of the Morrow A Formation and complete lack of a Morrow B Formation interval. The wellbore tested low BTU gas from the Morrow A Formation and as such will require high rates of production in order to be economically viable. Production of the gas from the separate Morrow A Formation will not adversely affect oil production from the Morrow B Formation in the adjacent Arapahoe Unit. A waiver from Citation Oil and Gas Corporation, the operator of the adjacent Arapahoe Unit to the east, is currently being sought for this variance request. Anadarko Petroleum Corporation, as mineral owner of the lands on which the re-entry well is located, has consented to the relief requested, as shown by the attached waiver letter.

The intent of the Oil and Gas Conservation Act will not be violated by allowing an exception location in the W½ of Section 17. In fact, re-entry and production at this location will increase the ultimate recovery of gas and associated hydrocarbons from the reservoir through optimizing exploration efficiencies, in much the same way as recognized by recent Order No. 449-34 which removed the production limitation and approved an exception location in Section 33, Township 14 South, Range 42 West, 6<sup>th</sup> P.M. This section is located approximately two miles to the northeast of the proposed re-entry.

We would be happy to provide any further information you require. Thank you for your time and consideration in this matter.

Sincerely,

Jeff Wiepking  
Manager  
Wiepking-Fullerton Energy, LLC



Duane Haley  
telephone (720) 929-6498  
fax (720) 929-7498  
duane.haley@anadarko.com

Street Address:  
1099 18th Street, Suite 1800  
Denver, CO 80202  
Mailing Address  
P.O. Box 173779  
Denver, CO 80217-3779

June 30, 2009

Colorado Oil & Gas Conservation Commission  
Mr. David Neslin, Director  
1120 Lincoln Street  
Suite 801  
Denver, Colorado 80203

Re: Exception Location/Removal of Production Limitation Request  
Section 17, T14S-R42W  
Lewis 22-17 #4  
Cheyenne County, Colorado

Gentlemen:

Anadarko Land Corp. and Anadarko Petroleum E&P Company LP wholly owned subsidiaries of Anadarko Petroleum Corporation (collectively hereinafter referred to as "Anadarko"), as mineral owners of the entire section 17 Township 14 South Range 42 West, 6<sup>th</sup> PM, in Cheyenne County, Colorado does hereby support the petition of Wiekking-Fullerton Energy, LLC for an exception location and the removal of the production limitation for the re-entry of the Lewis 22-17 #4 wellbore.

Prior drilling operations at the location has confirmed the presence of the Morrow A formation and complete lack of a Morrow B interval. The Lewis 22-17 #4 wellbore tested low BTU gas from the Morrow A and as such will require high rates of production in order to prove economic. Production of the gas from the separate Morrow A formation will not adversely affect oil production from the Morrow B in the adjacent Arapahoe Field. The current availability of infrastructure and viable gas market make production of this gas economically prudent for both the operator and mineral owner.

In order to prevent waste and optimize project economics, Anadarko does hereby support Wiekking-Fullerton Energy, LLC's petition to re-enter the Lewis 22-17 #4 and produce the Morrow A gas at rates exceeding those currently mandated by Order 449-7. Thank you for your time and consideration in this matter.

Sincerely,

A handwritten signature in black ink that reads "Duane Haley". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Duane Haley  
Senior Staff Landman

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

IN THE MATTER OF THE PROMULGATION ) Cause No. 449  
AND ESTABLISHMENT OF FIELD RULES TO )  
GOVERN OPERATIONS IN THE ARAPAHOE ) Docket No. 0908-EX-??  
FIELD, CHEYENNE COUNTY, COLORADO )

APPLICATION

COMES NOW Wiepking-Fullerton Energy, LLC ("WFE", or "Applicant"), and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("COGCC") for a well location exception and removal of production limitations as specified in Order No. 449-7 for the re-entry of an existing well and the production of gas from the Morrow A Sandstone 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, 6th P. M.  
Section 17: W½

(hereinafter "Application Lands" as also depicted on the plat in Exhibit B attached hereto)

3. On May 4, 1988, the Commission entered Order No. 449-7, which among other things, (a) established 80-acre drilling and spacing units for production from the Morrow A and B Sandstone Formations for certain lands, including Section 17, Township 14 South, Range 42 West, 6<sup>th</sup> P.M., (b) specified permitted well locations in the NE¼ and SW¼ of each quarter section no closer than 460 feet from the unit tract boundaries, and (c) established a production restriction on each well of 100 MCF per day per 80-acre unit based on the average monthly gas volume leaving the lease.
4. On October 11, 1988, the Commission entered Order No. 449-20, which among other things, established a procedure for granting exceptions to the permitted well locations throughout the entire Arapahoe Field, including the Application Lands, upon a showing that a well drilled at the designated location prescribed in Order No 449-7 was unproductive in the Morrow A and B Sandstone Formations, and why a well at an exception location should be productive and economically viable.
5. The Lewis 21-17 #1 Well (API #05-017-06794) was drilled by Union Pacific Resources Company ("UPRC") in March 1988 at the permitted location in the

NE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 17 on the Application Lands as prescribed by Order No. 449-7. Results from the drilling of the Lewis 21-17 #1 Well indicated neither Morrow A nor Morrow B sands were present. UPRC then petitioned the COGCC for an exception location as geologic interpretation indicated Morrow sand(s) could be present in the SE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 17. After an administrative hearing was held on December 8, 1988, the exception location was granted by the COGCC in accordance with Rule 4 of Order No. 449-20 and later that month UPRC drilled the Lewis 22-17 #4 Well (API# 05-017-06951). Results from the drilling of the Lewis 22-17 #4 Well indicated a then non-commercial gas reservoir (due to lack of infrastructure at the time) in the Morrow A sand and that no Morrow B sand was present. The well was abandoned with surface casing in place.

6. Since the abandonment of the Lewis 22-17 #4 Well, pipelines have been installed in the vicinity of the well and the Ladder Creek Gas Plant was constructed in Cheyenne Wells, and this infrastructure now makes production of the gas from the Morrow A Sand in the Lewis 22-17 #4 Well economically feasible.

7. Technical data, in the form of log analysis and cross-sectional geology is included in Exhibit B (Figures 4 & 5), indicates that the Morrow A gas sand reservoir present in the Lewis 22-17 #4 Well is a physically (geologically) separate reservoir from the oil producing Morrow B sand producing in the Arapahoe Unit to the east. Moreover, re-entry of the Lewis 22-17 #4 Well is the only economically viable means to access the Morrow A gas reservoir; it would not be economically justifiable under current and projected commodity prices to drill a new well to produce the Morrow A gas. Consequently, well location constraints designed and promulgated for the oil producing Morrow B in the Arapahoe Unit (Order No. 449-7) should not apply to the separate Morrow A gas-producing sand reservoir associated with the Lewis 22-17 #4 Well. Rule 4 of Order 449-20 contemplates that exception locations will be warranted for these lands, as was approved for the drilling of the Lewis 22-17 #4 well in the first place.

8. Re-entry of the Lewis 22-17 #4 Well will prove economically prudent only above the current production limitation of 100 MCF per day required by Order No. 449-7 given current and projected commodity prices and the high percentage of nitrogen in this reservoir. Technical data supporting this assertion is attached in Exhibit B (Figures 6 and 7). Further, because of the geologic separation noted above, lifting the cap on production of gas from the Morrow A sand will not impact the production of oil from the Morrow B sand in the Arapahoe Unit.

9. The intent of the Oil and Gas Conservation Act will not be violated by allowing an exception to the permitted location in Section 17 for re-entry of an existing wellbore that was drilled pursuant to an exception location or by removing the production limitation stipulated in Order 449-7 that was intended to facilitate production from a different reservoir from the targeted formation in the re-entry well. Rather the grant of the requested relief to Applicant will increase ultimate recovery of gas and associated hydrocarbons from the reservoir through

optimizing exploration efficiencies, in much the same way as recognized by recent Order No. 449-34 which approved an exception location and removed the production limitation in Section 33, Township 14 South, Range 42 West, 6<sup>th</sup> P.M. This section is located approximately two miles to the northeast of the Application Lands.

10. Consistent with the Oil and Gas Conservation Act, C.R.S. § 34-60-102(1), the granting of this application will not promote waste, and will not violate correlative rights.

11. 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 at the Commission's August, 2009 meeting, that notice be given as required by the law and that upon such hearing this Commission enter its order consistent with Applicant's requests as set forth above.

Dated June 29th, 2009

WIEPKING-FULLERTON ENERGY,LLC

By: \_\_\_\_\_  
Jeff Wiepking, Manager  
4600 S Downing St  
Englewood, CO 80110  
Phone: 303-789-1798

**EXHIBIT A**  
NOTICE LIST

Anadarko Petroleum Corporation  
Attention Duane Haley  
P0 Box 173779  
Denver, CO 80217-3779

Anadarko E&P Company LP  
Anadarko Land Corporation  
P0 Box 173779  
Denver, CO 80217-3779

Brandon Skeen  
Citation Oil and Gas Corporation  
14077 Cutten Road  
Houston, TX 77069-2212

Exhibit B: Figure 1  
Cheyenne County, Colorado, Arapahoe Field

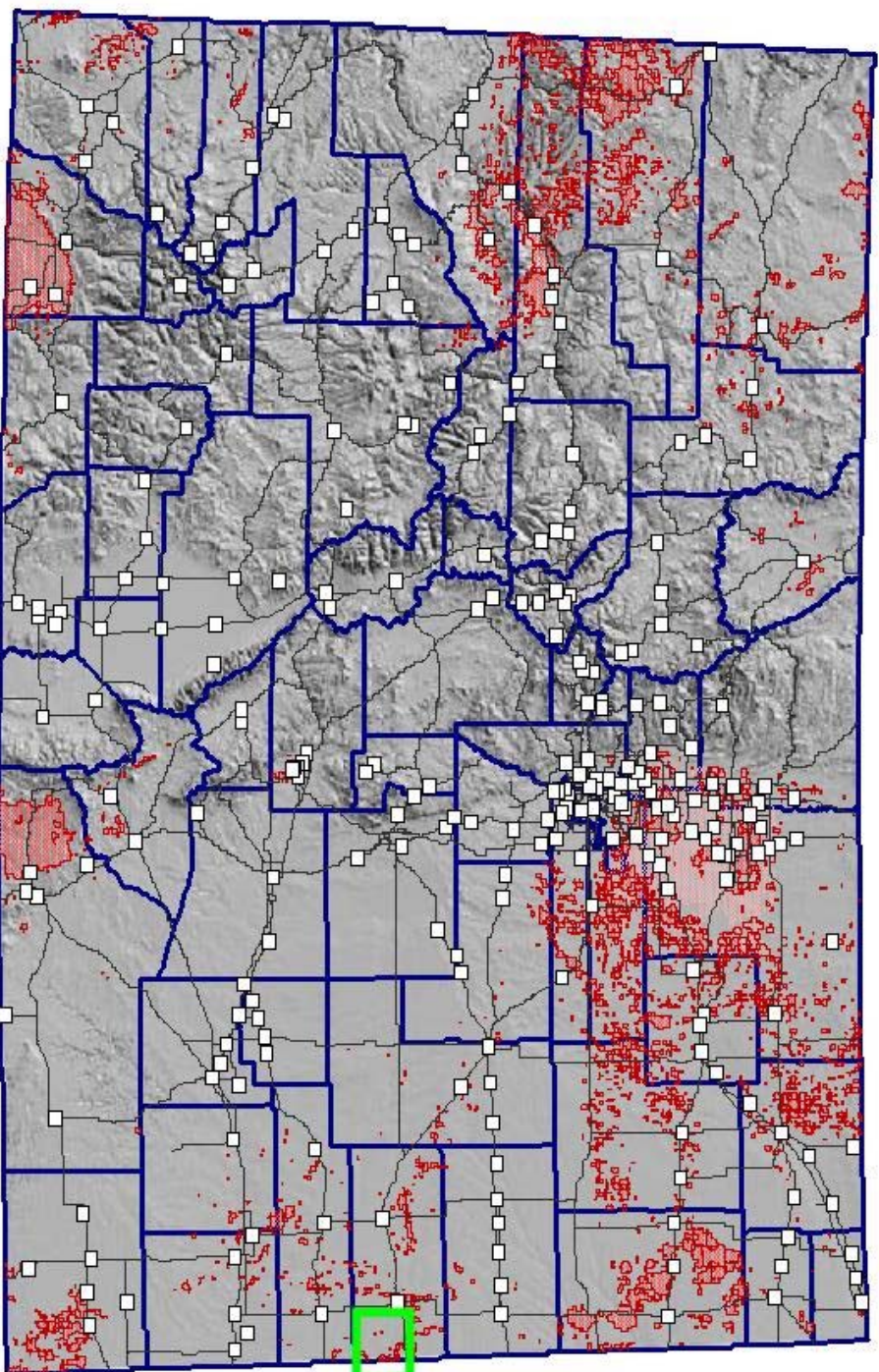


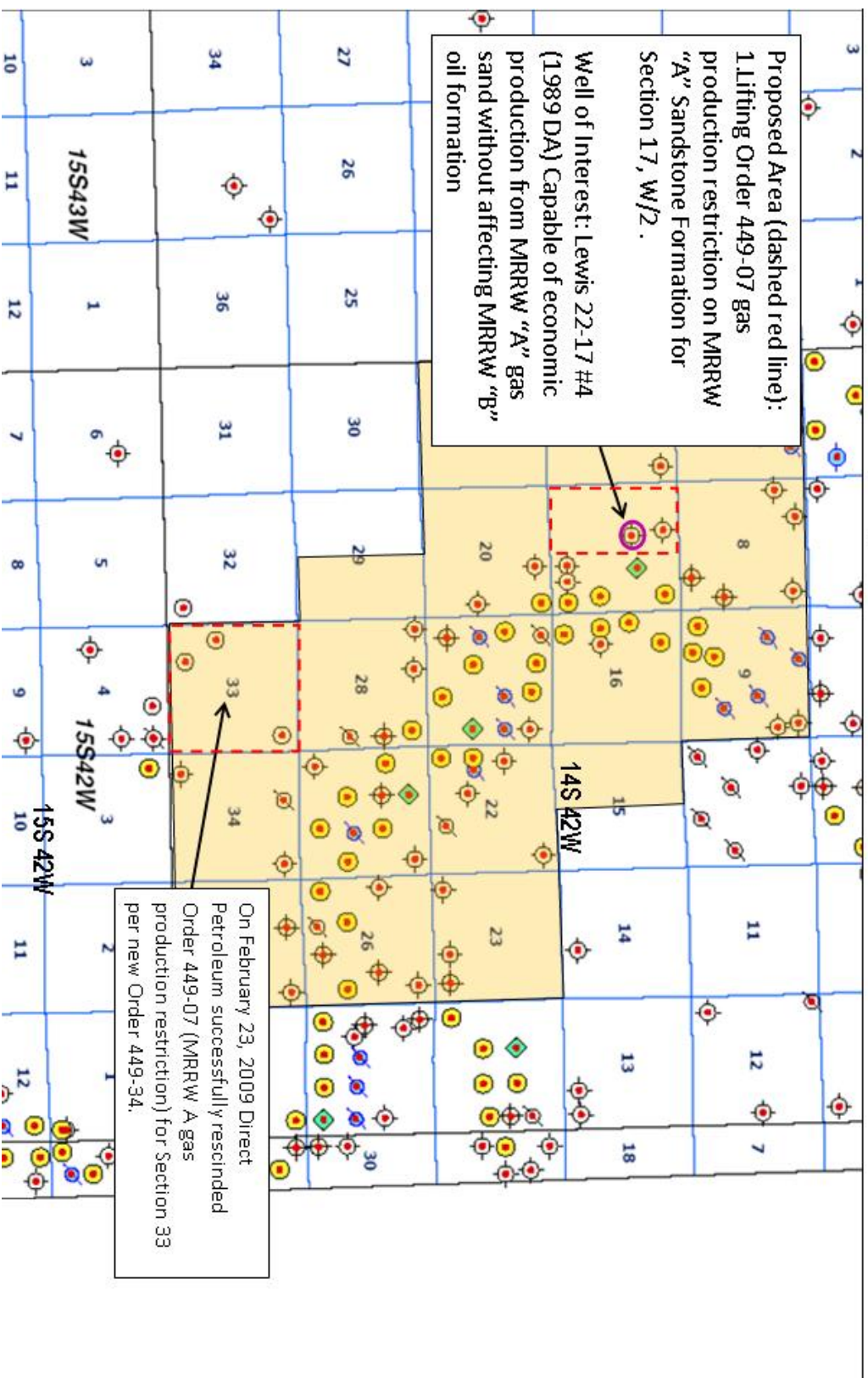


EXHIBIT B: Figure 2

**Order 449-07:**

April 18, 1988

- Established Spacing & Production Restrictions for MRRW A & B Sandstone Formations



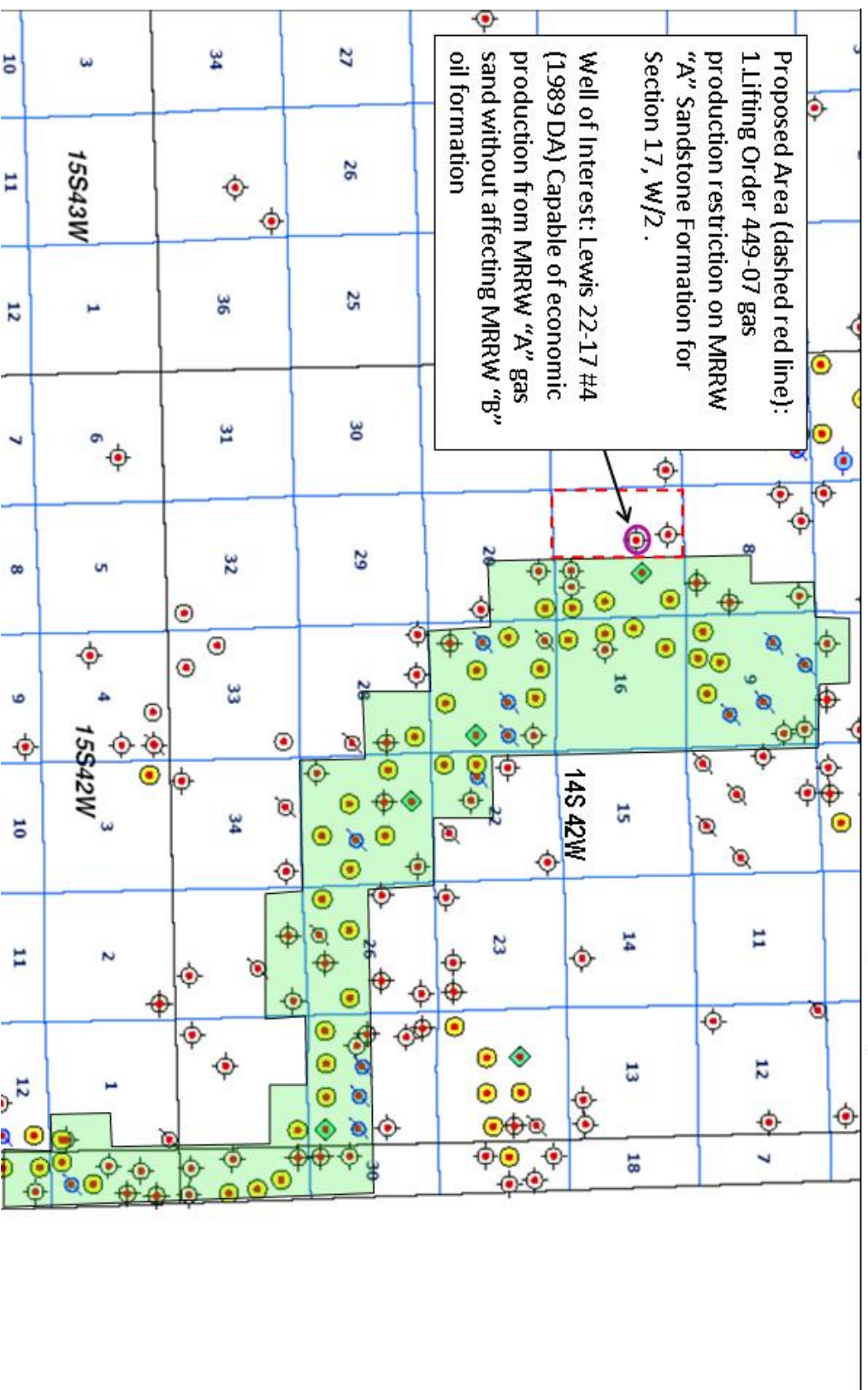


## EXHIBIT B: Figure 3

**Order 449-25:**

September 19, 1989

- Established Unit Operating Agreement for MRRW B Sandstone Formation
- Rescinded 449-07 Production Restriction for MRRW B Upon Reinjection of Gas

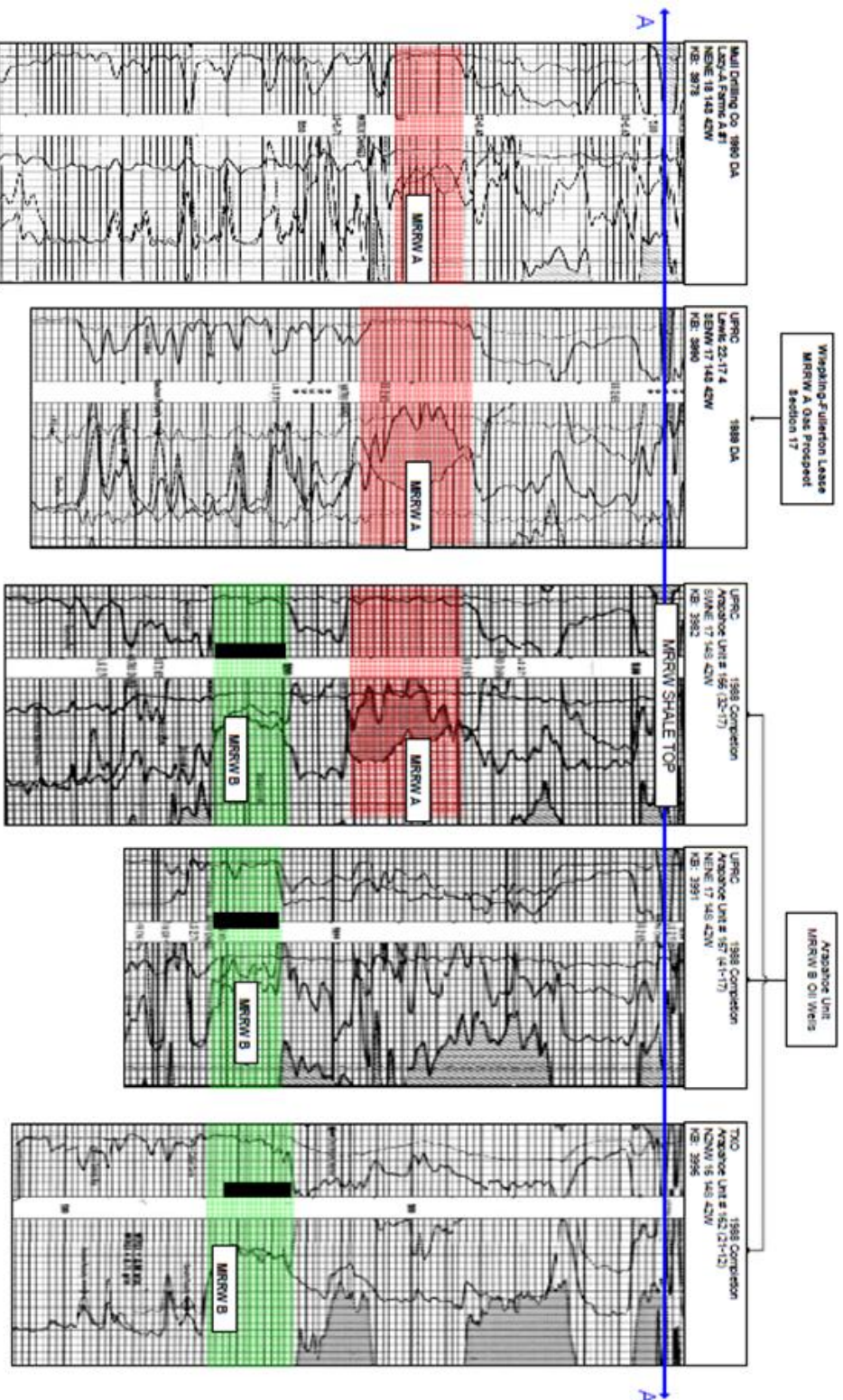


**Figure 1**

## EXHIBIT B: Figure 5

### Morrow Formation Cross-Section - Arapahoe Field Cheyenne County, CO

Cross Section of Morrow Formation - Section 16 & 17, 14S-42W, Cheyenne County, CO





# Exhibit B: Figure 6

## Economics at 100 MCF/Day (\$3 MMBTU, 420 BTU Gas)

### Annual CashFlow Report

Project: c:\program files\lhrs energy\powertools v8.0\projects\kfr low btu development play.mdb

Lease Name: Lewis 22-17 Re-Entry (Morrow) (100MSCFD) () Operator: KFR Curve Only

County: ST. CLEVELAND CO

Field Name: ARAPAHOE

Location: 17 14S 42W

Reserve Type/Class: Proved/Undeveloped, Non-Producing

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2009	1	0	29,941	0	23,953	0.00	1.26	30,181
12/2010	1	0	35,482	0	28,386	0.00	1.26	35,766
12/2011	1	0	35,001	0	28,001	0.00	1.26	35,281
12/2012	1	0	34,526	0	27,621	0.00	1.26	34,802
12/2013	1	0	34,058	0	27,246	0.00	1.26	34,330
12/2014	1	0	33,596	0	26,876	0.00	1.26	33,864
12/2015	1	0	33,140	0	26,512	0.00	1.26	33,405
12/2016	1	0	32,690	0	26,152	0.00	1.26	32,952
12/2017	1	0	32,247	0	25,797	0.00	1.26	32,505
12/2018	1	0	31,809	0	25,447	0.00	1.26	32,064
12/2019	1	0	31,378	0	25,102	0.00	1.26	31,629
12/2020	1	0	30,952	0	24,761	0.00	1.26	31,199
12/2021	1	0	30,532	0	24,425	0.00	1.26	30,776
12/2022	1	0	30,118	0	24,094	0.00	1.26	30,359
12/2023	1	0	29,709	0	23,767	0.00	1.26	29,947
Remainder:		0	1,428,357	0	1,142,685	0.00	1.26	1,439,784
Grand Total:		0	1,913,534	0	1,530,827	0.00	1.26	1,928,842

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2009	7,500	3,229	19,451	165,000	-145,549	-145,549	-146,373
12/2010	9,000	3,827	22,939	0	22,939	-122,609	20,132
12/2011	9,000	3,775	22,506	0	22,506	-100,103	17,956
12/2012	9,000	3,724	22,078	0	22,078	-78,025	16,014
12/2013	9,000	3,673	21,657	0	21,657	-56,368	14,280
12/2014	9,000	3,623	21,241	0	21,241	-35,127	12,733
12/2015	9,000	3,574	20,831	0	20,831	-14,297	11,351
12/2016	9,000	3,526	20,426	0	20,426	6,129	10,119
12/2017	9,000	3,478	20,027	0	20,027	26,156	9,019
12/2018	9,000	3,431	19,633	0	19,633	45,789	8,038
12/2019	9,000	3,384	19,244	0	19,244	65,033	7,163
12/2020	9,000	3,338	18,861	0	18,861	83,894	6,382
12/2021	9,000	3,293	18,483	0	18,483	102,377	5,686
12/2022	9,000	3,248	18,110	0	18,110	120,487	5,064
12/2023	9,000	3,204	17,742	0	17,742	138,229	4,511
Remainder:	713,250	154,057	572,477	0	572,477	710,706	36,173
Grand Total:	846,750	206,386	875,706	165,000	710,706	710,706	38,248

#### Discount Present Worth:

0.00 %	710,706
10.00 %	38,248
20.00 %	-49,282
30.00 %	-82,376
40.00 %	-99,775
50.00 %	-110,523
60.00 %	-117,835
70.00 %	-123,142
80.00 %	-127,174
90.00 %	-130,346
100.00 %	-132,911

#### Economic Dates:

Effective Date	03/2009
Calculated Limit	03/2103
Economic Life	1129 Months
	94 Years 1 Month

#### Economics Information:

Net Payout Date:	09/2016
Rate of Return:	12.99 %
Return on Investment:	5.31
Disc Return on Invest:	1.23
Initial Division of Interest:	

#### Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	0	1,913,534
Historic Gross	0	0
Gross at Eff Date	0	0
Remaining Gross	0	1,913,534
Remaining Net	0	1,530,827
BTU Content:	0.420 mmbtu/mcf	
Gravity:	Oil: 36.00 Gas: 0.500	
	NRI	ORI
Oil:	80.000000	0.000000
Gas:	80.000000	0.000000
Injection:	0.000000	0.000000
Reversion Date:	None	

# Exhibit B: Figure 7

## Economics at 1500 MCF/Day (\$3 MMBTU, 420 BTU Gas)

### Annual CashFlow Report

Project: c:\program files\lms energy\powertools v8.0\projects\kfr low btu development play.mdb

Lease Name: Lewis 22-17 Re-Entry (Morrow) (1500 MSCFD) Operator: KFR Curve Only

County: ST. CHEYENNE CO

Field Name: ARAPAHOE

Location: 17 14S 42W

Reserve Type/Class: Proved/Undeveloped, Non-Producing

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2009	1	0	432,367	0	345,894	0.00	1.26	435,826
12/2010	1	0	460,789	0	368,631	0.00	1.26	464,475
12/2011	1	0	404,746	0	323,797	0.00	1.26	407,984
12/2012	1	0	355,520	0	284,416	0.00	1.26	358,365
12/2013	1	0	312,281	0	249,825	0.00	1.26	314,779
12/2014	1	0	274,301	0	219,441	0.00	1.26	276,495
12/2015	1	0	240,940	0	192,752	0.00	1.26	242,867
12/2016	1	0	211,636	0	169,309	0.00	1.26	213,329
12/2017	1	0	185,897	0	148,717	0.00	1.26	187,384
12/2018	1	0	163,287	0	130,630	0.00	1.26	164,594
12/2019	1	0	143,428	0	114,742	0.00	1.26	144,575
12/2020	1	0	125,984	0	100,787	0.00	1.26	126,992
12/2021	1	0	110,662	0	88,529	0.00	1.26	111,547
12/2022	1	0	97,203	0	77,762	0.00	1.26	97,980
12/2023	1	0	85,381	0	68,305	0.00	1.26	86,064
Remainder:		0	539,202	0	431,361	0.00	1.26	543,515
Grand Total:		0	4,143,624	0	3,314,899	0.00	1.26	4,176,773

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2009	7,500	46,633	381,693	165,000	216,693	216,693	200,737
12/2010	9,000	49,699	405,776	0	405,776	622,469	356,442
12/2011	9,000	43,654	355,330	0	355,330	977,799	283,754
12/2012	9,000	38,345	311,020	0	311,020	1,288,819	225,791
12/2013	9,000	33,681	272,098	0	272,098	1,560,917	179,578
12/2014	9,000	29,585	237,910	0	237,910	1,798,827	142,742
12/2015	9,000	25,987	207,881	0	207,881	2,006,707	113,387
12/2016	9,000	22,826	181,503	0	181,503	2,188,211	90,000
12/2017	9,000	20,050	158,334	0	158,334	2,346,544	71,374
12/2018	9,000	17,612	137,982	0	137,982	2,484,526	56,546
12/2019	9,000	15,470	120,106	0	120,106	2,604,632	44,746
12/2020	9,000	13,588	104,404	0	104,404	2,709,036	35,361
12/2021	9,000	11,936	90,611	0	90,611	2,799,648	27,900
12/2022	9,000	10,484	78,496	0	78,496	2,878,144	21,973
12/2023	9,000	9,209	67,855	0	67,855	2,945,999	17,267
Remainder:	144,000	58,156	341,359	0	341,359	3,287,358	57,489
Grand Total:	277,500	446,915	3,452,358	165,000	3,287,358	3,287,358	1,925,087

#### Discount Present Worth:

0.00 %	3,287,358
10.00 %	1,925,087
20.00 %	1,353,329
30.00 %	1,044,164
40.00 %	850,849
50.00 %	718,408
60.00 %	621,847
70.00 %	548,206
80.00 %	490,101
90.00 %	443,019
100.00 %	404,045

#### Economic Dates:

Effective Date	03/2009
Calculated Limit	12/2039
Economic Life	370 Months
	30 Years 10 Months

#### Economics Information:

Net Payout Date:	07/2009
Rate of Return:	>100 %
Return on Investment:	20.92
Disc Return on Invest:	12.67
Initial Division of Interest:	

#### Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	0	4,143,624
Historic Gross	0	0
Gross at Eff Date	0	0
Remaining Gross	0	4,143,624
Remaining Net	0	3,314,899
BTU Content:	0.420 mmbtu/mcf	
Gravity:	Oil: 36.00 Gas: 0.500	
	NRI	
Oil:	80.000000	0.000000
Gas:	80.000000	0.000000
Injection:	0.000000	0.000000
Reversion Date:	None	