

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

IN THE MATTER OF VACATING THE SPACING
ORDER **AND PRODUCTION CAPS** REQUIRE-
MENTS IN ONE SECTION, SOUTH OF THE
ARAPAHOE FIELD, CHEYENNE COUNTY,
COLORADO

CAUSE NO. 449

DOCKET NO.

AMENDED APPLICATION – DOCKET #0901-SP-04

APPLICATION

COMES NOW Direct Petroleum Exploration, Inc. (DPE, or “Applicant”), and makes application to the Oil and Gas Conservation Commission of the State of Colorado (COGCC) for an order to vacate the Spacing Order 449-7, insofar as it covers well locations at the surface to penetrate 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, 6th P.M., Cheyenne County,
Colorado
Section 33: All

(hereinafter “Application Lands” as **Exhibit B attached hereto**)

3. That, under the Commission’s Order 449-7 dated 18 APR 1988, the Application Lands within Section 33 of T14S R42W may only be drilled in 80-acre spacing units, and in specific, predetermined locations, as described in the next paragraph (4).

4. 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 (i.e., a 200' radius from the quarter-quarter center).

5. Consistent with the COGCC mission and strategic planning goals, vacating this spacing order in Section 33 will increase ultimate recovery of gas and associated hydrocarbons from the reservoir through optimizing exploration efficiencies.

6. Results from the various prospecting methods used by the Applicant indicate the highest probability for MORROW sand channels at depth are at surficial/drilling locations OTHER THAN the 200' centers of the quarter-quarters as stipulated in the Order (449) & Rule (7).

7. Because of the differences between the Applicant's prospecting results and the Spacing Order's required locations, relief is needed from the 80-acre spacing order to position wells for maximum production efficiency, for both petroleum and natural gas.

Relief is also needed from the production caps stipulated in Order 449-7; technical data provided in the hearing documents of Order 449-33 indicate that hydrocarbon production less than the cap limit of 100 mcg/d is not economic, esp. given present value of natural gas, and the high percentage of nitrogen in this reservoir.

8. If the Spacing Order (449-7) is vacated for the section of interest (Section 33), the Applicant intends to place any future wells and/or land use under (the standard) provisions of the rules and regulations of the COGCC.

Technical data provided in the hearing documents of Order 449-33 indicate that the sand reservoir, from which the Shirley Rother #1 is producing, is a physically (geologically) separate reservoir than the economic sand(s) producing in the Arapahoe Field to the northeast. Consequently, spacing and production constraints designed and promulgated for the Arapahoe Field (Order 449-7) should not apply to the sand reservoir associated with the Shirley Rother #1 well.

9. **Therefore, relief from Order 449-7 is requested for any and all development wells drilled as offsets to the Shirley Rother #1 well in the application land of interest (Section 33, T14S R42W).**

10. Also consistent with the COGCC mission, 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 in **February, 2009**, 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: **January _____, 2009**

DIRECT PETROLEUM EXPLORATION, INC.

By: _____
David R. Nelson
1401 17th Street, Suite 510
Denver, Colorado 80202
(ph) 303-825-0775

EXHIBIT A
NOTICE LIST

AMENDED APPLICATION – DOCKET #0901-SP-04

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

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

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

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CERTIFICATE OF MAILING

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

David R. Nelson of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the Vice President of Exploration & Production for Direct Petroleum Exploration, Inc. and that on or before _____, **2009**, 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.

David R. Nelson

Subscribed and sworn to before me this _____ day of **January, 2009**.

Witness my hand and official seal.

My commission expires:

Notary Public

VERIFICATION

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

Robert E. Zilinski, of lawful age, being first duly sworn upon oath, deposes and says that he is the Exploration Manager for Direct Petroleum Exploration, Inc. and that he has read the foregoing Amended Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Robert E. Zilinski

Subscribed and sworn to before me this _____ day of **January, 2009.**

Witness my hand and official seal.

My commission expires:

Notary Public

