

**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 WILLIAMS FORK AND ILES FORMATIONS 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. 139

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 Williams Fork and Iles Formations 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 8 South, Range 96 West, 6th P.M.
Section 3: NE/4SE/4

(hereinafter "Application Lands")

3. That the Application Lands are subject to the Commission's rule 318 which provides that wells to be drilled deeper than 2,500 feet shall not be located less than 600 feet from any lease line, and shall be located not less than 1,200 feet from any other producing or producible well from the same zone.
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 establish an approximate 40 acre drilling and spacing unit for the Application Lands as to the Williams Fork and Iles Formations and authorize ten acre density drilling upon the Application Lands for both of these formations.
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 August, 2009, 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 ____, 2009.

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 Vice President of Business Development 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, 2009.

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

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

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

Judith H. Jordan
Garfield County
0375 County Road 352, Bldg. 2060
Rifle, CO 81650

Colorado Division of Wildlife
6060 Broadway
Denver, CO 80216

Colorado Department of
Public Health & Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

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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 or before July _____, 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.

William A. Keefe

Subscribed and sworn to before me July _____, 2009.

Witness my hand and official seal.

My commission expires:

Notary Public