

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

<b>IN THE MATTER OF THE APPLICATION OF</b>	)	
<b>LARAMIE ENERGY II, LLC TO ESTABLISH AN</b>	)	<b>Cause No. 139</b>
<b>80-ACRE SPACING UNIT IN AND POOL NON-</b>	)	
<b>CONSENTING WORKING INTEREST OWNERS</b>	)	<b>Docket No.</b>
<b>IN GARFIELD COUNTY, COLORADO</b>	)	

**APPLICATION**

Laramie Energy II, LLC ("Applicant"), by and through its attorneys, requests the Colorado Oil & Gas Conservation Commission ("Commission") establish an 80-acre laydown spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork formation in the following lands ("Lands"):

Township 7 South, Range 93 West, 6th P.M.  
Section 8: S/2SW/4  
Containing 80 acres, more or less  
Garfield County, Colorado

Applicant further requests the Commission enter an order pooling all non-consenting interests for the drilling and completion of wells drilled in the Williams Fork formation in the proposed 80-acre spacing unit described above. A map of the Lands is attached as Exhibit A. Exhibit B lists all of the working interest and mineral owners in the Lands, as required by Rule 507(b)(1-2).

In support of this application, Applicant states as follows:

1. Applicant owns leasehold working interests in the Lands, including the lands sought to be pooled in this application.
2. By Order 139-76, the Commission established an allowable drilling density of the equivalent of one (1) well per 10 acres for the production of oil, gas or associated hydrocarbons from the Williams Fork formation in the Lands. The Commission did not establish spacing units for the Lands.
3. Pursuant to C.R.S. §34-60-116(4) the Commission is authorized to establish spacing units to prevent or assist in preventing waste and the drilling of unnecessary wells. Geological and engineering data acquired by Applicant indicates the Williams Fork formation underlying the Lands can be efficiently and economically developed utilizing an 80-acre production unit.
4. Applicant requests the Commission establish a spacing unit for the Williams Fork formation underlying the Lands. Applicant will abide by the requirements set forth in Order 139-76 as they pertain to the density and location of wells within the proposed spacing unit.
5. Williams Production RMT Company ("Williams") owns separate working interests within the spacing unit proposed to be pooled. Applicant has offered Williams the option to participate in drilling the well proposed to be drilled in the proposed unit, but to date Williams has refused to participate by bearing its proportionate share of the costs and risks of drilling and operating the proposed well. More than thirty (30) days prior to the date of hearing on this Application, Applicant sent Williams an authorization for expenditure ("AFE") containing information

regarding this well as required by COGCC Rule 530.a. Applicant also sent Williams a joint operating agreement (JOA) to set forth and control the respective rights and obligations of Laramie and Williams, as co-working interest owners. A copy of the latest AFE and JOA that was sent to Williams is attached as Exhibit C.

6. With respect to the non-consenting owner of working interests listed on Exhibit B, Applicant has made reasonable attempts pursuant to COGCC Rule 530.b. to provide an AFE and enter into a reasonable JOA with such parties but as of yet has not been successful in such attempts.

7. To prevent waste, protect correlative rights and in the best interests of conservation, Applicant respectfully requests that the Commission enter an order pooling the proposed spacing unit, as it pertains to the Williams Fork formation.

8. Applicant believes that granting this application would (1) not be prejudicial to the owners in the Lands; (2) maintain and protect the correlative rights of all parties; (3) prevent or assist in preventing waste; (4) not result in an owner obtaining more than its just and equitable share of production from the pool; and (5) insure that the pool as a whole is efficiently and economically developed.

9. No later than seven days after filing of this application, Applicant will submit to the Commission a certificate of service confirming notice has been served on all parties listed in Exhibit B and the Local Governmental Designee, Ms. Judith Jordan.

WHEREFORE, Applicant requests this matter be set for hearing, notice be given as required by law and upon such hearing the Commission issue an order (1) establishing an 80-acre spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork formation in the Lands, and (2) involuntarily pooling interests in the Williams Fork formation of the working interest owners with whom Applicant has been unable to secure an agreement to jointly develop the Lands, with such interests made subject to the terms and penalties in accordance with C.R.S. § 34-60-116 and Rule 530 of the Commission. Applicant further requests that the Commission in its order grant such other provisions as the Commission may find necessary or desirable in this matter.

Respectfully submitted on \_\_\_\_\_, 2009

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: \_\_\_\_\_  
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E-Mail: mpetry@laramie-energy.com  
Mark Petry  
Vice President of Business Development

VERIFICATION

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

\_\_\_\_\_, of lawful age, being first duly sworn upon oath, deposes and says that he is Vice President of Laramie Energy II, LLC that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Laramie Energy II, LLC

By: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

Witness my hand and official seal.

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

My commission expires: \_\_\_\_\_

**EXHIBIT A**  
**MAP OF APPLICATION LANDS AND SURROUNDING AREA**

**EXHIBIT B**  
**TABULATION OF WORKING INTEREST OWNERS**  
**AND UNLEASED MINERAL INTEREST OWNERS**

**WORKING INTEREST OWNERS**

- 1 Williams Production RMT Company**  
Tower 3, Suite 1000  
1515 Arapahoe Street  
Denver, CO 80202
- 2 Laramie Energy II, LLC**  
1512 Larimer Street, Suite 1000  
Denver, CO 80202  
attn: Mark Petry
- 3 Laramie Energy II, LLC**  
601 28-1/4 Road, Suite D  
Grand Junction, CO 81506  
attn: T. Rutledge

**LEASED MINERAL OWNERS**

- 1 Beaver Creek Ranch, L.P., an Iowa limited partnership, doing business in Colorado as**  
**Youberg Beaver Creek Ranch, LP**  
215 South 10th Street  
Sac City, Iowa 50583
- 2 Mary Ellen Kinney**  
8822 N.E. 199<sup>th</sup> Street  
Battle Ground, WA 98604
- 3 Dale L. Dean**  
3039 E ½ Rd.  
Grand Junction, CO 81504
- 4 Pearl Dean**  
176 Little Park Road  
Grand Junction, CO 81503
- 5 Denver Seminary**  
P.O. Box 10,000  
Denver, CO 80210
- 6 Williams Production RMT Company**  
Tower 3, Suite 1000  
1515 Arapahoe Street  
Denver, CO 80202

- 7 Sunnyside Production Company, LLC**  
P.O. Box 2665  
Grand Junction, CO 81502

**OTHER**

- 1 Garfield County Garfield County,**  
144 , 3<sup>rd</sup> Street, Suite 203  
Glenwood Springs, Colorado 81601  
attn: Judith Jordan

**EXHIBIT C**  
**AFE AND JOA FOR PROPOSED WELL**

