

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

IN THE MATTER OF THE APPLICATION OF)
RED MESA HOLDINGS/O&G, LLC FOR AN)
ORDER POOLING A NON-CONSENTING)
WORKING INTEREST IN THE GALLUP AND)
DAKOTA FORMATIONS IN A CERTAIN)
40-ACRE TRACT LOCATED IN THE)
RED MESA FIELD, LA PLATA COUNTY,)
COLORADO)

Cause No. _____

Docket No. _____

AMENDED APPLICATION

Red Mesa Holdings/O&G, LLC ("Applicant"), by and through its undersigned attorney, hereby submits this application to the Oil and Gas Conservation Commission of the State of Colorado ("COGCC") for an order **ESTABLISHING A DRILLING UNIT WITH RESPECT TO, AND POOLING** a non-consenting working interest for the development and operation of, the Gallup and Dakota Formations in the following lands in La Plata County, Colorado:

Township 33 North, Range 12 West, N.M.P.M.
Section 34: SE1/4NW1/4
("Subject Lands").

In support thereof, the Applicant states as follows:

1. That the Applicant is a Delaware limited liability company duly authorized to conduct business in the State of Colorado;
2. That the Applicant owns certain oil and gas leasehold interests in the Subject Lands;
3. That the COGCC has not established specific rules regarding the acreage of drilling and spacing units for the production of oil and gas from the Gallup and Dakota Formations in the Subject Lands in the Red Mesa Field of La Plata County, Colorado;
4. That the Applicant intends to drill and produce the KF#2 BT-3 well ("Well") within the Subject Lands, the location of which is subject to COGCC Rule 318.a.;
5. That the names and addresses of the interested parties with respect to this Application are set forth in Exhibit A hereto;
6. That Reynolds Metals Company ("Reynolds") has been offered the option to participate in the drilling of the Well and to date, has refused to participate by bearing its proportionate share of the costs and risks of drilling and operating the Well;

7. That all mineral owners in the Subject Lands are leased;

8. That an AFE containing the information required by COGCC Rule 530.b. was sent to Reynolds more than thirty (30) days prior to the date of the filing of this Application (a copy of the AFE and letter sent to Reynolds are attached hereto as Exhibit B); and

9. That in order to prevent waste, protect correlative rights and in the best interests of conservation, the working interest of the non-consenting party should be pooled into the Gallup and Dakota Formations in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. THAT A DRILLING UNIT BE ESTABLISHED FOR THE SUBJECT LANDS INsofar AS THE DAKOTA AND GALLUP FORMATIONS ARE CONCERNED PURSUANT TO C.R.S. § 34-60-116.

B. That the non-consenting leasehold interest of Reynolds Metals Company be pooled involuntarily for the purposes of production of gas and oil and related hydrocarbons from the Gallup and Dakota Formations in the SE1/4NW1/4 of Section 34, Township 33 North, Range 12 West, N.M.P.M.;

C. That Reynolds be treated as a non-consenting owner under C.R.S. § 34-60-116 and made subject to the terms and penalties provided therein; and

D. For such other findings and orders as the Commission may deem proper or advisable.

DATED this _____ day of **FEBRUARY**, 2010.

Respectfully submitted,

RED MESA HOLDINGS/O&G, LLC

By: _____

Thomas P. Dugan
DUGAN & ASSOCIATES, P.C.
900 Main Avenue, Suite A
Durango, CO 81301
(970) 259-1770

Applicant's Address:

5619 DTC Parkway, Suite 800
Greenwood Village, CO 80111

VERIFICATION

STATE OF COLORADO)
)ss.
COUNTY OF _____)

Barbara A. O'Hare of lawful age, being first duly sworn upon oath, deposes and says the she is the _____ for Red Mesa Holdings/O&G, LLC and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Subscribed and sworn to before me this _____ day of _____, 2010.

Witness my hand and official sea.

My commission expires:_____

Notary Public