

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

IN THE MATTER OF THE PROMULGATION AND
ESTABLISHMENT OF FIELD RULES TO
GOVERN OPERATIONS IN THE RULISON FIELD
AREA, GARFIELD COUNTY, COLORADO

CAUSE NO. 139

DOCKET NO. 1110-SP-_____

APPLICATION

COMES NOW Laramie Energy II, LLC (the "Applicant"), by its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, and submits its application to the Oil and Gas Conservation Commission of the State of Colorado, for an order establishing a spacing unit for the Mancos, Niobrara, Frontier and Mowry Formations (the "Deep Formations") and establishing well density and location rules applicable to the drilling and producing of oil, gas and associated hydrocarbons from such Formations, covering the described lands in the Rulison Field area, Garfield County, Colorado, and in support states as follows.

1. The Applicant is duly authorized to conduct business in the State of Colorado.
2. The Applicant owns leasehold interests in the following described lands located in Garfield County, Colorado, containing approximately 40 acres (hereinafter, the "Application Lands"):

Township 8 South, Range 96 West, 6th P.M.
Section 3: SE1/4SE1/4

3. Under Commission Order No. 139-105, dated October 26, 2009, the Application Lands were established as a 40-acre drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations of the Mesaverde Group, and the equivalent of one well per 10 acres was approved in that unit for production from such Formations.
4. The Application Lands as to the Deep Formations are unspaced and are instead governed by Rule 318.a, which provides that a well to be drilled in excess of two-thousand five-hundred (2,500) feet in depth shall be located not less than six-hundred (600) feet from any lease line, and shall be located not less than one-thousand two-hundred (1,200) feet from any other producible or drilling oil and gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.
5. No wells have been drilled on the Application Lands. Multiple wells have been drilled to the Deep Formations in the more general area of the Application Lands.
6. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to establish drilling and spacing units to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.
7. A drilling and spacing unit of approximately 40-acres is not less than the maximum area which can be efficiently, economically and effectively drained by a well producing oil, gas and associated hydrocarbons from Deep Formations in the Application Lands.

8. The Applicant requests that the Commission establish an approximately 40-acre drilling and spacing unit consisting of the SE1/4SE1/4 of said Section 3 for production of oil, gas and associated hydrocarbon substances from the Deep Formations (the "Unit"), to be consistent with the unit previously established for the Williams Fork and Iles Formations.

9. To promote efficient drainage within the Deep Formations in the Unit the Applicant requests that the Commission increase the number of wells which may be optionally drilled to and produced from the Deep Formations in the Unit to the equivalent of one well per ten (10) acres, consistent with the well density previously established for the Williams Fork and Iles Formations in such unit, and subject to the rules set forth below.

10. The Commission should allow all future Deep Formation wells to be located downhole anywhere on the Unit, but no closer than 600 feet from the boundaries of the Unit, unless such boundary abuts or corners lands in respect of which the Commission has at the time of drilling permit application granted the right to drill 10-acre density wells for the Deep Formations, in which event any well to the Deep Formation shall be drilled downhole no closer than 100 feet, or the setback footage in such other Deep Formation order, whichever is greater, from that portion of the Unit boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for the Deep Formation has been ordered by the Commission, without exception being granted by the Commission.

11. Wells to be drilled under the requested Order will be drilled from the surface either vertically or directionally from no more than one pad located on the Unit, or directionally from any existing pad on other lands, unless exception is granted by the Director of the Commission pursuant to application made for such exception.

12. 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.

13. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth on **Exhibit A** attached hereto and made a part hereof.

WHEREFORE, Applicant, Laramie Energy II, LLC, respectfully requests that this matter be set for hearing in October 31, 2011, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals set forth above.

Dated: August 31, 2011.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____

J. Michael Morgan #7279
950 South Cherry Street, Suite 900
Denver, CO 80246
(303) 753-9000; (303) 753-9997 (fax)
mmorgan@lohshaiman.com

Applicant's Address:
Laramie Energy II, LLC

1512 Larimer Street, Suite 1000
Denver, CO 80202

**EXHIBIT A
NOTICE LIST**

Encana Oil & Gas (USA) Inc.

Attn: South Piceance Land
370 17th Street, Suite 1700
Denver, Colorado 80202

Laramie Energy II, LLC

Attn: Mark Petry
1512 Larimer Street, Suite 1000
Denver, Colorado 80202

Williams Production RMT Company

Attn: Joe Barrett
Tower 3, Suite 1000
1515 Arapahoe Street
Denver, Colorado 80202

Garfield County

375 County Road 352
Building 2060
Rifle, Colorado 81650-8412

Colorado Division of Wildlife

6060 Broadway
Denver, Colorado 80216

**Colorado Dept. of Public Health
& Environment**

4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

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

AFFIDAVIT OF MAILING

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

J. Michael Morgan, of lawful age and being first duly sworn upon his oath, states and declares:

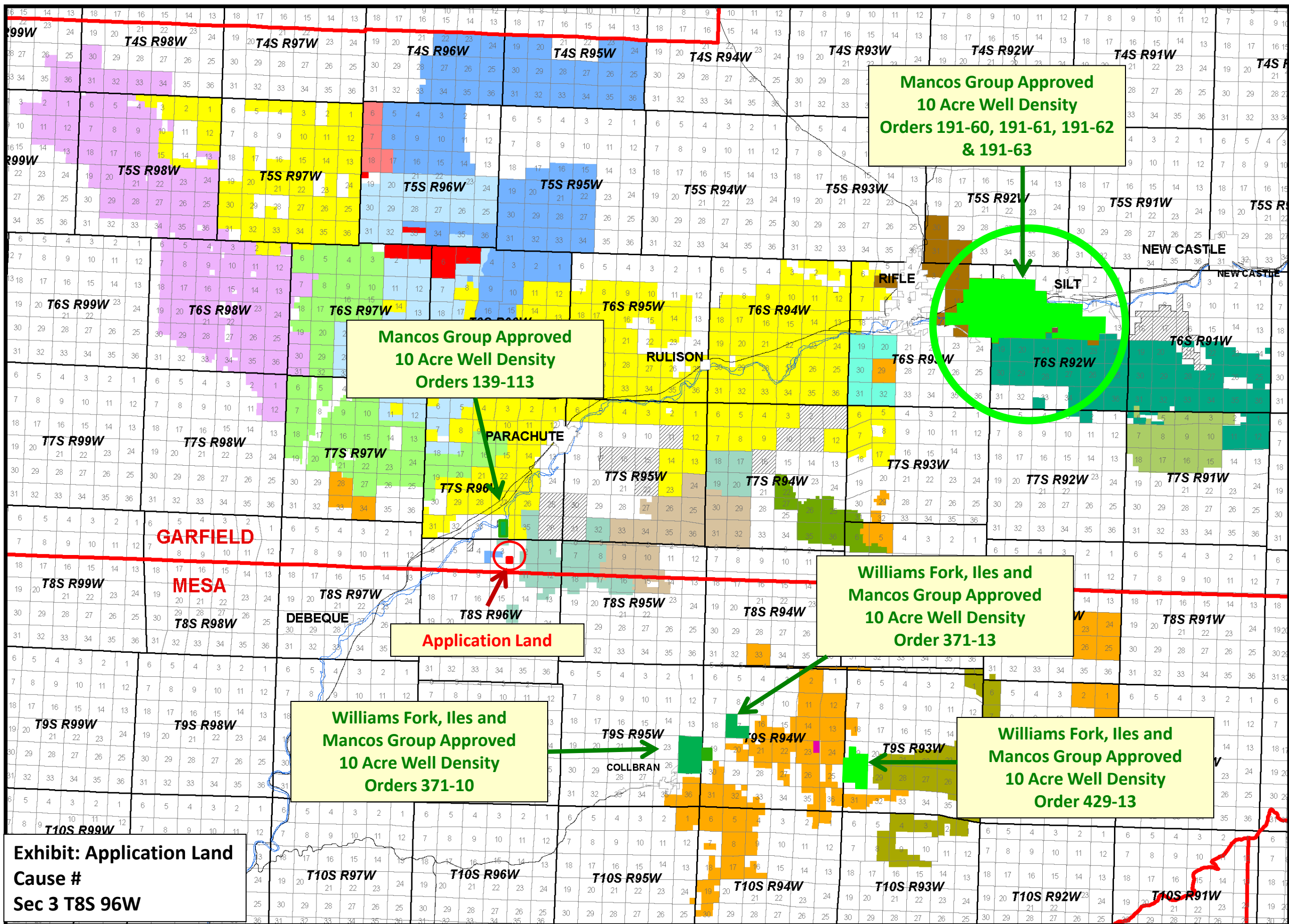
That he is the attorney for Laramie Energy II, Inc., that on August 31, 2011, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on **Exhibit A** to the Application.

J. Michael Morgan

Subscribed and sworn to before me this 31st day of August, 2011.

Witness my hand and official seal.
My commission expires: September 13, 2013

Tonja L. Hoisington, Notary Public



Mancos Group Approved
10 Acre Well Density
Orders 191-60, 191-61, 191-62
& 191-63

Mancos Group Approved
10 Acre Well Density
Orders 139-113

Williams Fork, Iles and
Mancos Group Approved
10 Acre Well Density
Order 371-13

Williams Fork, Iles and
Mancos Group Approved
10 Acre Well Density
Orders 371-10

Williams Fork, Iles and
Mancos Group Approved
10 Acre Well Density
Order 429-13

Application Land

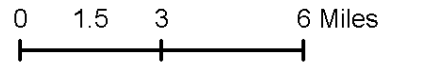
Exhibit: Application Land
Cause #
Sec 3 T8S 96W

DOWNHOLE 10-ACRE DENSITY LANDS
(COLOR-CODED BY OPERATOR)

- Antero
- Barrett
- Berry
- Black Diamond
- Chevron
- ConocoPhillips
- Delta
- Dolphin
- Encana
- Laramie
- Noble
- OXY
- PDC
- Petrogulf
- Plains
- Presco
- Whiting
- Williams
- Windsor

DOWNHOLE 20-ACRE DENSITY LANDS

Note: Spaced lands are mapped to the nearest quarter quarter section or lot.



DOWNHOLE 10-ACRE
DENSITY LANDS, GARFIELD
& MESA COUNTIES, COLORADO
AS OF MAY 8, 2008

