

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

**IN THE MATTER OF THE APPLICATION OF
MINERAL RESOURCES, INC. FOR AN ORDER
POOLING INTERESTS IN THE CRETACEOUS
AGE FORMATIONS FROM THE BASE OF THE
DAKOTA TO THE SURFACE LOCATED IN A
PORTION OF THE WATTENBERG FIELD AND
FOR THE MODIFICATION OF THE SIZE OF
CERTAIN DRILLING AND SPACING UNITS FOR
THE PRODUCTION OF OIL AND GAS FROM
CERTAIN OF THE CRETACEOUS FORMATIONS
IN WELD COUNTY, COLORADO**

CAUSE NO. 318A,

DOCKET NO. ____

CAUSE NO. 407

DOCKET NO. ____

COMES NOW, Mineral Resources, Inc., a Colorado corporation ("Applicant") by and through its attorney, Thomas J. Kimmell, P.C. and for its application for an order for the involuntary pooling of certain interests in production from the Cretaceous formations in the lands described below pursuant to CRS § 34-60-116 and for an order modifying the size of existing drilling and spacing units implemented pursuant to Cause No. 407 states and alleges as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado and owns an interest in and operates oil and gas leases and mineral interests covering portions of certain lands located in Weld County, Colorado described as follows:

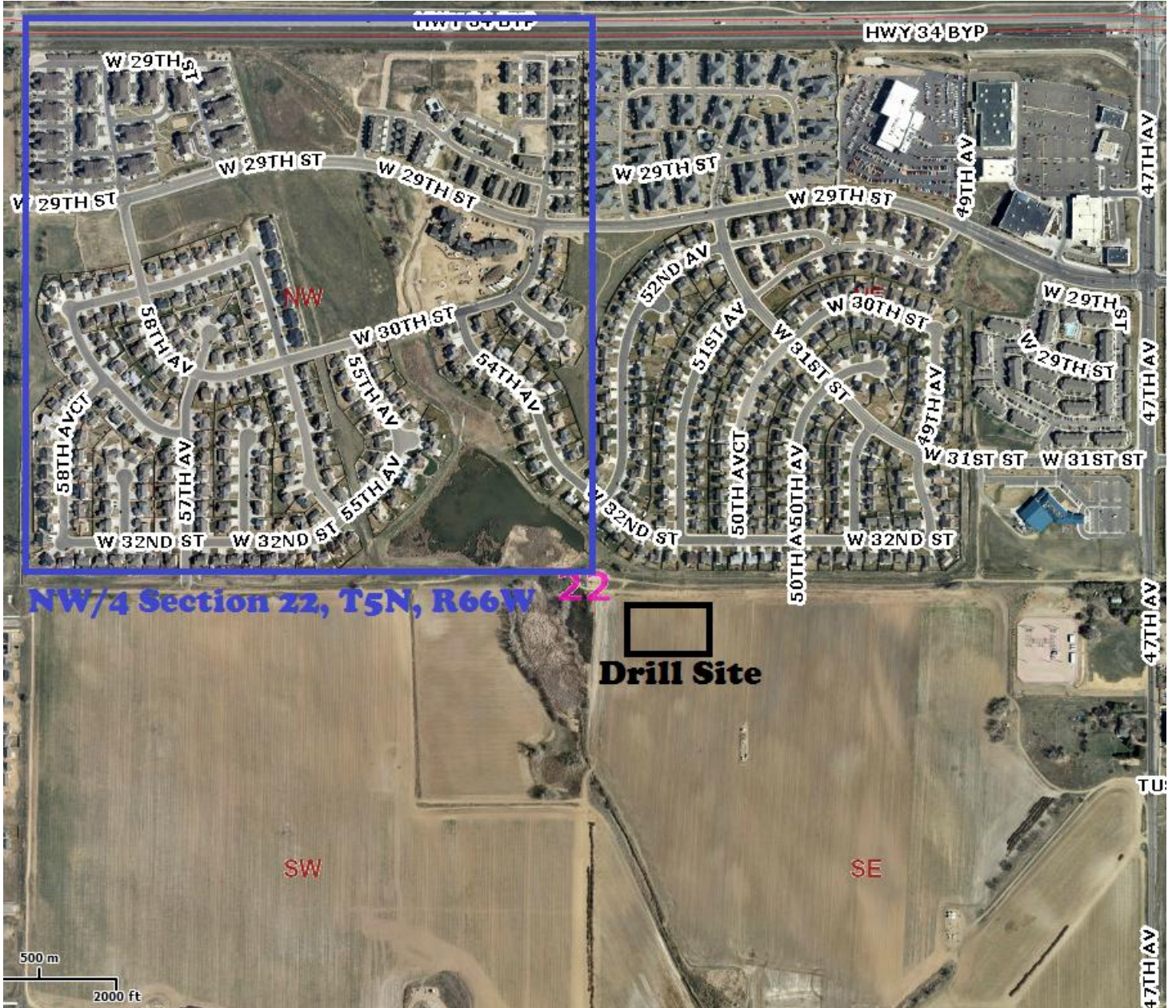
T5N, R66W, 6th P.M., Weld County, Colorado
Section 22: NW/4

2. The above-described lands are included within the area governed by the Greater Wattenberg Area Special Well Location Rule, Rule 318A of the Commission rules and the Wattenberg spaced area for the production of oil and gas from the Codell and Niobrara formations (See Order No. 407-1 for the Codell formation and Order No. 407-6 for the Niobrara formation). The Sussex, J-Sand and Dakota formations are unspaced as to the lands described above.
3. Pursuant to Rule 318A, effective March 1, 2006, operators are authorized to utilize the designated drilling locations to produce all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations, to include "infill" and "boundary" wells as defined by Rule 318A.
4. Pursuant to orders in Cause No. 407, the Codell and Niobrara formations are to be developed on the basis of 80-acre drilling and spacing units.
5. The lands described above are located in the City of Greeley, Colorado and are in populated areas. Applicant acquired a 6-acre, more or less, tract of land in the vicinity of the lands described above (the "Drill Site") and plans to use the Drill Site to drill 5 planned oil and gas wells directionally to explore for and produce oil and gas from bottom hole locations under the lands described above. The 5 wells are included in a multi well drilling program to be drilled from the Drill Site. No more than 8 wells will be drilled pursuant to Rule 318A.
6. Rule 318A d. provides that Rule 318A does not alter the size or configuration of drilling units in the Greater Wattenberg Area and as a result, the Codell and Niobrara formations in and under the above-described lands remain subject to the provisions of Cause No. 407 and the requirements thereof unless modified by appropriate order of the Commission.
7. Applicant has received permits to drill the 5 wells from the Drill Site.
8. Consistent with the findings in the rulemaking that resulted in the adapted Rule 318A and in order to protect the correlative rights of the owners of the landowners' and overriding royalty interests in and to production from Sussex, J-Sand, Dakota, Codell and Niobrara formations in and under the lands above

described and to ensure that each such owner has the opportunity to recover his or her just and equitable share of the oil, gas and associated hydrocarbons produced and to be produced from the Sussex, J-Sand, Dakota, Codell and Niobrara formations, it is necessary to designate the one 160-acre drilling and spacing unit consisting of the NW/4 of Section 22 described above.

9. As set forth above, Applicant intends to drill 5 wells to test the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the NW/4 of Section 22 above described and Applicant is proposing one five well package for the Spacing Unit, due to the costs and risks of the overall project.
10. Due to the costs and risks associated with the proposed wells, the creation of one 160-acre drilling and spacing unit for the quarter section is necessary to ensure that each such owner has the opportunity to recover his, her or its just and equitable share of the oil, gas and other associated hydrocarbons produced and to be produced from the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the NW/4 of Section 22 above described.
11. Applicant owns and operates oil and gas leases and controls mineral interests in the NW/4 of Section 22 above-described. A plat of the Spacing Unit is attached hereto as Exhibit A.
12. According to the title work completed by Applicant, the unleased interests in the NW/4 of Section 22 are owned by the persons identified on Exhibit B attached hereto.
13. More than 30 days prior to the date this matter will be heard, by letters sent to the persons described in Exhibit B whose interest is unleased, Applicant offered to lease the interests in the oil and gas owned by those parties in the Spacing Unit. The letters included a proposed lease. A representative sample of the letter is attached hereto as Exhibit C.
14. The offer to lease was made pursuant to C.R.S. § 34-60-116(7) c and Rule 530 of the rules of the Commission and the terms thereof comply with the requirements of the statute and rule.
15. In addition, the in the letter containing the offer to lease described in paragraph 15, Applicant included the opportunity for each owner identified on Exhibit B to bear his, her or its proportionate share of the costs and risks of the drilling and operating the five wells currently planned for each Spacing Unit. The letters included the following information as required by Rule 530 of the Commission's rules:
 - The location and objective depths of the five wells to be drilled in the Spacing Unit,
 - The estimated drilling and completion costs of the five wells to be drilled in the Spacing Unit,
 - The estimated spud dates for the wells to be drilled in the Spacing Unit or range of time within which the spudding is to occur and
 - An AFE prepared by the Applicant and containing the information described above.
16. More than 30 days prior to the date this matter will be heard, the parties listed on Exhibit B, who have not elected to bear his, her or its proportionate share of the costs and risks of drilling and operating the five wells to be drilled in the Spacing Unit will have become non-consenting owners as defined by C.R.S. § 34-60-116(7) and Rule 530 of the rules of the Commission.
18. In order to prevent waste, protect correlative rights and in the best interests of conservation and to foster, encourage and promote the development, production and utilization of the oil and gas natural resources, all the unleased interests in the Spacing Unit in the J Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B should be pooled in accordance with the provisions of C.R.S. § 34-60-116.

Exhibit "A"
Plat of Spacing Unit



Township 5 North, Range 66 West, 6th P.M.
Section 22: NW/4
City of Greeley, County of Weld, State of Colorado

Exhibit "B"

List of Non-Consenting Owners

Name	Street Address	City	State	Zip
Rose M Cook	6 Village Road	Englewood	CO	80113
Sally Cook Roach Trust	440 Adams Street	Denver	CO	80206
Susan Cook Trust	949 E 5th Ave	Durango	CO	81301

Exhibit "C"
Representative Offer Letter



MINERAL RESOURCES, INC.

Mail: P.O. Box 328 Greeley, Colorado 80632 * Phone: 970.352.9446 * Fax: 970.339.8321

July 14, 2011

Rose M Cook
6 Village Road
Englewood, CO 80113

RE: Township 5 North, Range 66 West, 6th P.M.
Section 22: NW/4 (5 bottom hole locations – standard GWA wells)

Dear Ms. Cook,

I am writing on behalf of Mineral Resources, a local oil and gas exploration company. We are developing a directional drilling program under the T-Bone Subdivision in Greeley, Colorado.

Mineral Resources plans to drill up to 5 oil and gas wells beneath the above referenced property. The wells will be drilled from a common drilling pad.

According to the records of the Weld Clerk and Recorder's office, you own an interest in the oil and gas under the referenced property, and according to our research, your oil and gas interest is un-leased.

The objective depth of each of the wells is approximately 7,600 feet true vertical depth and may include penetrating the J-Sand formation. The well, if successful, will be completed on any one or more of the Cretaceous formations under the referenced land. Those formations include, but are not limited to, the Sussex, Codell, Niobrara, and J-Sand formations

Your interest will be pooled with adjoining lands to create the following spacing units.

- 1) NW/4 Section 22, Township 5 North, Range 65 West, 6th P.M. (5Wells)

Operations are scheduled to commence on or about September 1st 2011, but they may be either moved up or delayed depending on rig availability and dealings with the Colorado Oil and Gas Conservation Commission that governs this operation. Mineral Resources plans on drilling the wells in phases. The first phase will consist of five wells in the NW/4.

As an owner of a mineral interest, you have several options of participation from which to choose. The options are as follows:

Oil and Gas Lease - We have enclosed for your review and execution an oil and gas lease. This lease contains the similar terms to those being offered in the immediate area for tracts of land similar in size and complexity to yours, in providing for a 12.5% royalty interest in all wells in proportion to your acreage and a three-year primary term. As consideration for signing the lease Mineral Resources will pay you \$200.00 per acre upon the receipt of a signed and notarized oil and gas lease.

Participate as an Owner - As an alternative to leasing or selling your mineral interest, you have the opportunity to participate as a working interest owner and bear your proportionate share of the costs and risks of the drilling and operating of all or some of the five (5) wells within the Spacing Unit(s). We have attached an Authority for Expenditure ("AFE"), which estimates an average completed well cost of \$872,045 for each of the five (5) wells. This offer is being made pursuant CRS §34-60-116 (7) (a) and Rule 530 of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission. **THE COST OF ANY OF THE WELLS MAY BE MORE OR LESS THAN THE AMOUNT OF THE AFE AND IF THE COSTS EXCEED THE AMOUNT OF THE AFE, YOU WILL BE LIABLE FOR YOUR PORPORTIONATE SHARE OF THE EXCESS COST.**

If you do not wish to execute an Oil and Gas Lease, please indicate your election whether or not to participate in the space provided below. Should you elect to participate, please sign in the place provided below, execute the AFE and return these documents to Mineral Resources with a check for your share of costs as outlined in the AFE. Upon Receipt of your election to participate, AFE and payment we will send to you a Joint Operating Agreement for your execution to govern the operations of the wells.

If you desire to participate in this operation, you must execute and return this letter and related documents to the attention of the undersigned within thirty (30) days from your receipt of this notice. Should you elect not to participate in the drilling of the wells or lease your interest to Mineral Resources within this thirty day period, you will be considered as a non-consenting owner in the operation and Mineral Resources, as Operator, will apply with the Colorado Oil and Gas Conservation Commission to have your interests in the units and wells described in this letter involuntarily pooled with the interests of Mineral Resources and others who have elected to participate.

Sincerely,

Mineral Resources, Inc.

Collin Richardson

Cell: 970-590-7523

PARTICIPATION ELECTION

- Rose M Cook elects to lease her interest in the W/2NW/4 of Section 22, T5N, R66W, 6th P.M. to Mineral Resources, Inc. and has included herewith a copy of a fully executed oil and gas lease.
- Rose M Cook elects to participate in the proposed five (5) wells located in the NW/4 of Section 22, T5N, R66W, 6th P.M.
- Rose M Cook elects not to participate as a working interest owner in the proposed five (5) wells located in the NW/4 of Section 22, T5N, R66W, 6th P.M.

Signed this ____ day of _____, 2011

Rose M Cook