

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

IN THE MATTER OF THE APPLICATION OF)
LARAMIE ENERGY II, INC. FOR AN ORDER)
ESTABLISHING A DRILLING AND SPACING)
UNIT FOR THE WILLIAMS FORK and ILES)
FORMATIONS OF THE MESAVERDE GROUP)
AND THE MANCOS, NIOBRARA, FRONTIER)
AND MOWRY FORMATIONS (THE "DEEP)
FORMATIONS"); ESTABLISHING DENSITY)
AND WELL LOCATION RULES FOR SUCH)
FORMATIONS; AND POOLING ALL)
NON-CONSENTING OWNERS IN CERTAIN)
DESCRIBED LANDS IN THE BUZZARD)
FIELD, MESA COUNTY, CO)

CAUSE NO. 371

DOCKET NO. 1108-SP-_____

APPLICATION

COMES NOW Laramie Energy II, LLC ("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 Williams Fork and Iles Formations of the Mesaverde Group, and the Mancos, Niobrara, Frontier and Mowry Formations (the "Deep Formations"), establishing well density and well location rules applicable to the drilling and producing of wells from such Formations, and pooling all non-consenting owners in certain described lands in the Buzzard Field, Mesa County, Colorado, and in support thereof states:

1. Applicant is duly authorized to conduct business in the State of Colorado.
2. Applicant owns a majority of the oil and gas leasehold interests in the following described lands located in Mesa County, Colorado, containing approximately 320 acres (the "Application Lands"):

Township 9 South, Range 95 West, 6th P.M.
Section 25: N1/2

3. The Application Lands are un-spaced as to the Williams Fork, Iles and Deep Formations, and are governed by Rule 318.a, which provides that any well 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. There are no producing wells on the Application Lands. Multiple wells have been drilled, tested and completed in the Williams Fork and Iles Formations of the Mesaverde Group in the vicinity of the Application Lands, and a few wells have been drilled to the Deep Formations in the general area of the Application Lands.

Spacing Request

6. Colorado Revised Statute Section 34-60-116 authorizes the Commission to establish drilling and spacing units which are no smaller than the maximum area which can be efficiently and economically drained by one well.

7. A drilling and spacing unit of approximately 320-acres is not less than the maximum area which can be efficiently, economically and effectively drained by one well producing oil, gas and associated hydrocarbons from both the Williams Fork and Iles Formations of the Mesaverde Group and the Deep Formations in the Application Lands.

8. The Applicant requests that the Commission establish an approximately 320-acre drilling and spacing unit consisting of the N1/2 of said Section 25 for production from Williams Fork and Iles Formations of the Mesaverde Group and the Deep Formations.

Well Density Request

9. To promote efficient drainage and avoid waste, the Applicant further requests that the Commission increase the number of wells which may be optionally drilled and produced in the Application Lands from the Williams Fork and Iles Formations of the Mesaverde Group and the Deep Formations, to the equivalent of one well per ten (10) acres, subject to the well location and setback requirements described below.

10. The Commission should allow all future Williams Fork and Iles Formation wells on the Application Lands to be located downhole anywhere on such lands, but no closer than 100 feet from the boundaries of the unit, unless such unit boundary abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density wells for the Williams Fork Formation, in which event Williams Fork and Iles Formation wells may be drilled downhole no closer than 200 feet from that portion of the unit boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for Williams Fork Formation wells has not been ordered by the Commission, without exception being granted by the Commission.

11. The Commission should allow all future Deep Formation wells on the Application Lands to be located downhole anywhere on such lands, 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 such Deep Formations shall be drilled downhole no closer than 100 feet, or the setback footage in such other Deep Formations order, whichever is greater, from that portion of such boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for Deep Formation wells has been ordered by the Commission, without exception being granted by the Commission.

12. The Commission should provide that any well drilled to the Iles Formation under the requested order shall be drilled only in connection with the drilling of a Williams Fork Formation well.

13. The above well density and location rules shall apply to vertical and directional wells, but not to horizontal wells for which existing Commission rules and orders shall continue to apply.

14. Wells to be drilled under the requested order shall 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 Commission.

Involuntary Pooling Request

15. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit for the development and operation of the wells.

16. The Application Lands border portions of the Town of Collbran, and contain several small parcels and lots.

17. At least 30 days prior to the hearing on this application, the Applicant will have sent all owners listed on **Exhibit A**, who have not previously consented to lease or otherwise participate in the Hawxhurst 25-01B well, both an Authority for Expenditures (AFE) containing all information required under Commission Rule 530.b., and an offer to lease which is reasonable based on the factors listed in Commission Rule 530.c. The Applicant anticipates that one or more of such owners will refuse or fail to respond to such offer to participate in the drilling, completion and operation of such well, and shall be deemed non-consenting parties under Commission Rule 530.b and c.

18. An order of the Commission pooling all interests in a 320-acre unit composed of the N1/2 of Section 25 shall therefore be necessary in order to afford each owner of an interest in such unit the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying said unit.

19. The granting of such an order would not be prejudicial to the owners in the unit and would protect correlative rights.

20. The granting of such an order would prevent or assist in preventing waste and would insure that the pool as a whole may be efficiently and economically developed.

21. 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 on August 8th or 9th, 2011, that notice be given as required by law and upon such hearing this Commission enter its order:

(A) creating a 320-acre drilling and spacing unit consisting of the N1/2 of said Section 25 for production from the Williams Fork and Iles Formations of the Mesaverde Group, and the Deep Formations;

(B) increasing the number of wells which may be optionally drilled and produced in the Application Lands from the Williams Fork and Iles Formations of the Mesaverde Group and the Deep Formations, to the equivalent of one well per ten (10) acres, subject to the well location and setback requirements described herein; and

(B) pooling all non-consenting interests in said unit for production from the Williams Fork and Iles Formations of the Mesaverde Group, and the Deep Formations, under such terms which are fair, reasonable and required by law.

Dated: June 9, 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@lohfsheiman.com

Applicant's Address:

Laramie Energy II, LLC
1512 Larimer Street, Suite 1000
Denver, CO 80202

VERIFICATION

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

Mark R. Petry, of lawful age, being first duly sworn upon oath, deposes and states that he is a 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 9th day of June, 2011.

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, Colorado 80202
Attn: South Piceance Land

Axia Energy, LLC
1430 Larimer Street, Suite 430
Denver, Colorado 80202

Mark R and Jeanette K Sullivant Living Trust
211 Rodeo Road
Collbran, Colorado 81624

Robert R. Nystrom and Kay L. Nystrom
1025 Fossil Creek Parkway
Ft. Collins, Colorado 80525-7113

Tyler Clemmer and Kimberly L.S. Clemmer
59386 Highway 330 E
Collbran, Colorado 81624-9613

Henderson Ward, a/k/a Hank Ward
59132 Highway 330 E
Collbran, Colorado 81624-9613

Stephen M. Hatch and Judith L. Hatch
58902E. Highway 330
Collbran, Colorado 81624-9613

Sylvia Spangler
58950 Highway 330 E
Collbran, CO 81624-9613

Jan Standish and John Franklin Rule, Jr.
P.O. Box 34
Collbran, CO 81624-0034

James Lee Kensalo and Christine Cecile
5867 PE 3/10 Road
Collbran, Colorado 81624

Sean R Lehnen and Shea L Lehnen
58746 PE 3/10 Road
Collbran, Colorado 81624-9625

Laramie Energy II, LLC
1512 Larimer Street, Suite 1000
Denver, Colorado 80202
attn: Mark Petry

Susan Kay Nichols
60452 E. Highway 330
Collbran, Colorado 81624

Robert E Knuckles and Jill D. Knuckles
16694 Kimball Creek Rd.
Collbran, Colorado 81624-9646

Glen M. Denton and Charlotte L. Denton
P. O. Box 322
Collbran, Colorado 81624-0322

David F. Fichter and Kim I. Fichter
59628 Highway 330 E
Collbran, Colorado 81624-9613

Jay Shiflet and Peggy Shiflet
P.O. Box 12
Collbran, Colorado 81624-0012

Daniel R. Hinkle and Clyrene L. Hinkle
58930 E. Highway 330
Collbran, Colorado 81624-9613

Jerry A Gaddy and Charline K Gaddy
1649 58 7/10 Road
Collbran, Colorado 81624-9639

Kent A Hill and Tammy L Hill
58589 E. Highway 330
Collbran, Colorado 81624-9613

Earnest A Shrope and Susanne B Shrope
58590 PE 3/10 Road
Collbran, Colorado 81624-9625

Lori A Bruton
P.O. Box 45
Collbran, Colorado 81624-0045

Randall L. Pettes and Debrah L. Pettes
P. O. Box 157
Collbran, Colorado 81624-0157

Town of Collbran
1010 High Street
Collbran, Colorado 81624

Marcia Currier
4625 West Temple Place
Denver, CO 80236

Daniel Currier
P.O. Box 114
Collbran, CO 81624-0114

Randy Price
Mesa County Planning & Econ. Development
750 Main Street
P.O. Box 20000
Grand Junction, Colorado 81501

Merial C. Vander Laan
James D. Vander Laan
P.O. Box 27059
Denver, CO 80227

Kent Kuster
Colorado Dept of Public Health & Environment
4300 Cherry Creek Drive South
Denver, Colorado 80246

Irvin D Johnson and Paula K Johnson
P.O. Box 275
Mesa, Colorado 81643-0275

Mesa County
P.O. Box 20000
Collbran, Colorado 81502-5024

Thomas O. Currier
P.O. Box 377
Collbran, CO 81624-0377

George Currier
P.O. Box 152
Collbran, CO 81624-0152

Oxy USA, Inc., a Delaware corporation
P.O. Box 27570
5 Greenway Plaza
Houston, Texas 77046-0506
Attn: Tim Mahaffey

Kim Kaal and Jon Holst
Colorado Division of Wildlife
6060 Broadway
Denver, Colorado 80216

Mr. Hank Szymanski
U.S. Bureau of Land Management
2850 Youngfield Street
Lakewood, Colorado 80215

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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 June 9, 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 9th day of June, 2011.

Witness my hand and official seal.
My commission expires: 09-13-2013

Tonja L. Hoisington, Notary Public