

**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 MANCOS, NIOBRARA, FRONTIER )  
AND MOWRY FORMATIONS (THE "DEEP )  
FORMATIONS") AND ESTABLISHING DENSITY )  
AND WELL LOCATION RULES FOR THE WILLIAMS )  
FORK, ILES AND DEEP FORMATIONS FOR )  
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 Mancos, Niobrara, Frontier and Mowry Formations ("Deep Formations"), and establishing well density and well location rules applicable to the drilling and producing of wells from the Williams Fork and Iles Formations of the Mesaverde Group, and the Deep Formations, in certain described lands in the Buzzard Field, Mesa County, Colorado, and in support of its application states:

1. Applicant is duly authorized to conduct business in the State of Colorado.
2. Applicant owns 100% of the oil and gas leasehold interest the following described lands located in Mesa County, containing approximately 160 acres (hereinafter, the "Application Lands"):

Township 9 South, Range 94 West, 6th P.M.  
Section 19: SW1/4

3. Under Commission Order No. 371-1, dated effective May 18, 1981, the Application Lands were established as a 160-acre drilling and spacing unit for the Mesaverde Group Formations, and under such Order the single permitted well to such Formations may be located no closer than 660 feet from the unit boundary.
4. As to the Deep Formations, the Application Lands are currently 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. However, multiple wells have been drilled, tested and completed in the Williams Fork and Iles Formation 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 160-acres is not less than the maximum area than can be efficiently, economically and effectively drained by one well producing oil, gas and associated hydrocarbons from the Mancos, Niobrara, Frontier and for Mowry Formations ("Deep Formations") in the Application Lands.

8. The Applicant requests the Commission to establish an approximately 160-acre drilling and spacing unit consisting of the SW1/4 of said Section 19, or lots or parcels approximately equivalent thereto, for production from each of the Deep Formations. Such unit would be consistent with the unit already established by Order 371-1 for the Williams Fork and Iles Formations in the Application Lands.

### **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 Deep Formations and the Williams Fork and Iles Formations of the Mesaverde Group, 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 well density and location rules under the requested order 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.

15. 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.

16. 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 consistent with Applicant's proposals set forth above.

Dated: June 3, 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](mailto: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.**  
370 17<sup>th</sup> Street, Suite 1700  
Denver, Colorado 80202  
Attn: South Piceance Land

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

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

**Larry Eklund and Celia Gunderson**  
60764 Salt Creek Rd.  
Collbran, Colorado 81624-9626

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

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

**Colby L. Olford**  
60605 Salt Creek Rd.  
Collbran, Colorado 81624-9626

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

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

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

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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 3, 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 3<sup>rd</sup> day of June, 2011.

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

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Tonja L. Hoisington, Notary Public