

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

SPOON VALLEY ENERGY, LLC'S VERIFIED APPLICATION FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS IN WELLS DRILLED OR TO BE DRILLED IN THE FUTURE IN AN ESTABLISHED 160 ACRE DRILLING AND SPACING UNIT, TO THE ENTRADA AND DAKOTA FORMATIONS IN THE SW¼ OF SECTION 4, TOWNSHIP 29 SOUTH, RANGE 69 WEST, 6TH P.M., HUERFANO COUNTY, COLORADO

CAUSE NO: 520

ORDER NO:

DOCKET NO:

VERIFIED APPLICATION

COMES NOW the Applicant, Spoon Valley Energy, LLC, by its attorneys, Scott M. Campbell and Jeremy I. Ferrin, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an Order pooling all non-consenting interests in all wells drilled or to be drilled in the future to the Entrada and Dakota formations in the below described lands. In support thereof, Spoon Valley Energy, LLC states as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. That Applicant desires to pool interests in the following described lands, located in Huerfano County, Colorado:

Township 29 South, Range 69 West, 6th P.M.

Section 4: SW¼,

containing 151.03 acres, more or less

(the "Application Lands").

3. Applicant is the working interest owner under most, but not all, of the Application Lands.

4. On November 10, 2010, Applicant commenced operations to reenter the Cougar #1A Well (f/k/a the Cougar #1 Well) at its surface location in Township 29 South, Range 69 West, 6th P.M., Section 9; with the intent to drill a deviated well into the Application Lands.

5. By Order No. 520-1 dated December 2, 1999, the Oil and Gas Conservation Commission established 160-acre drilling and spacing units for the production of oil, gas (including CO₂) and hydrocarbons from the Dakota and Entrada Formations underlying the Application Lands, including other lands. Permitted wells were to be located no closer than 600 feet from the outer boundaries of the drilling unit, with exceptions due to topography allowed to be granted by the Director provided the bottom hole is located no closer than 350 feet from the boundary of the unit.

6. Applicant has already sent to affected owners an appropriate AFE pursuant to Rule 530.a. or alternatively offered to lease affected mineral interests. Applicant has so far been unable to obtain 100% consent to participation in the drilling and completion of the wells, or leasing. As a result, it is necessary and proper for Applicant to request that the interests of those net revenue interest owners which have not agreed to such voluntary pooling be involuntarily pooled pursuant to C. R. S. § 34-60-116 of the Colorado Oil and Gas Conservation Act.

7. That with respect to those net revenue interest owners which would participate in production from the well, Applicant has made and continues to make reasonable attempts pursuant to COGCC Rule 530.b. to obtain their consent to participate in the drilling and completion of the well, or to enter into leases with such parties.

8. That in order to prevent waste, protect correlative rights and in the best interests of conservation, all mineral interests or working interests owned by those owners listed on Exhibit "A" should be pooled in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC, as to all wells drilled or to be drilled in the future to the Entrada and Dakota Formations in the Application Lands.

9. Pursuant to Rule 503(d) of this Commission, within seven (7) days of the filing of this Application, the Applicant shall submit a Certificate of Service to the Commission demonstrating that the Applicant served a copy of the Application on all persons entitled to Notice, as listed on Exhibit "A" by mailing a copy thereof, first-class postage prepaid, to the last known mailing address of the interested parties. Applicant shall simultaneously submit said list of interested parties to the Commission via electronic media.

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

DATED: November _____, 2010.

Spoon Valley Energy, LLC

By: _____
Scott M. Campbell
Jeremy I. Ferrin
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone: (303) 861-4400
Facsimile: (303) 861-1225

VERIFICATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

Blaine Hess, of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman, for Spoon Valley Energy, 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.

SPOON VALLEY ENERGY, LLC

By: _____
Blaine Hess, Landman

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A

Attached to and made a part of the
Verified Application of Spoon Valley Energy, LLC
Cause No. 520, Docket No. _____

Scott M. Campbell
Nick A. Swartzendruber
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, CO 80203

Blaine Hess
Spoon Valley Energy, LLC
Post Office Box 2107
Roswell, NM 88202-2107

Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215-7093

Cynthia Anne Eldridge and
her husband, Caz Eldridge
8119 Maple Drive
Littleton, CO 80125

Jon W. Brandt & his wife, Ruth Ann Brandt, as
Joint Tenants
1310 Carson Avenue
La Junta, CO 81050

Carmen K. Brown-Coseno & Thomas Coseno,
as Joint Tenants
6804 Highway 160
La Veta, CO 81055

Monroe George Menke, III & Trudy Menke, Co-
Trustees of the Menke Revocable Trust dated
July 26, 2004
22501 Cherry
Frankston, TX 75763

The Three Valleys West, LLC
a Colorado Limited Liability Company
419 West Main Street
Trinidad, CO 81082

Timothy J. Sommer, ums
206 E. 25th St., Apt. 3A
New York City, NY 10210

TBA Gas LLC
8022 Royal Crest Court
Spring, TX 77379

John R. Yannizzi, ums
1981 S. Downing Street
Denver, CO 80210

Mark D. McBroom & Kelly L. McBroom, as Joint
Tenants
13798 W. Ashbury Drive
Lakewood, CO 80228

Carlos P. DeJuana & Cristian D. DeJuana, as
Joint Tenants
1105 Zinnia
McAllen, TX 78504

Diane B. Sullivan, ums
1981 S. Downing Street
Denver, CO 80210

Steven L. Malone & Mary K. Alexander, as Joint
Tenants
1312 Commonwealth Avenue
Alexandria, VA 22301

Michael J. Beach & Christine A. Beach, as Joint
Tenants
119 Kilt Rd.
San Angelo, TX 76901

KMK Properties, LLC, a Texas Limited Liability Company
Kevin M. Kneisley, Operating Manager
211 Riggs Street
Conoe, TX 77301

Patoric Hoy & Karen Hoy, as Joint Tenants
6659 Dick Price Road
Mansfield, TX 76063

Robert Dunning Stewart & Leslie Klipper
Stewart, as Joint Tenants
1778 York View Drive
Vista, CA 92084

Lawrence O. Martin & Catherine C. Martin, as
Joint Tenants
1421 Tall Timbers Drive
Tyler, TX 75703

J. Larry Whitfield & his wife, Syble M. Whitfield,
as Joint Tenants
P.O. Box 7993
Tyler, TX 75711

Lira Investments LP, a Texas limited
partnership
16010 Wolf Creek
San Antonio, TX 78232

Walter S. Lynn & his wife, Heloise Bloxom
Lynn, as Joint Tenants
6847 U.S. Highway 160
La Veta, CO 81055

Rodney E. Gerick & Jane A. Gerick, Trustees of
the Rodney E. and Jane A. Gerick Living Trust
dated October 8, 2008
203 Orion Road
Georgetown, TX 78633

Joanna A. Bright, ums
508 W. 2nd Street
Walsenburg, CO 81089

Scott A. Rosenzweig & Elizabeth D.
Rosenzweig, as Joint Tenants
423 Old Mill Circle
Lincolnshire, IL 60069

Linda L. Frederick
P.O. Box 1185
La Veta, CO 81055

John B. Frederick
P.O. Box 1185
La Veta, CO 81055

Gary R. Hale & his wife, Kathryn H. Hale, as
Joint Tenants
131 E. Francisco
P.O. Box 381
La Veta, CO 81055

Mary Elizabeth McLean
6861 US Highway 160
La Veta, CO 81055

Gary D. Babbit & his wife, Ida J. Babbit
Route 6, Box 4089
Bullard, TX 75757

Vince R. Carrell & his wife, Kathy W. Carrell, as
Joint Tenants
216 County Road 4865
Dayton, TX 77535

A. Erin Dwyer & Wanda C. Dwyer, as Joint
Tenants
4510 San Gabriel Dr.
Dallas, TX 75229

Mile High Trust I, for the benefit of Linda L.
Worack
5245 South Danube Street
Aurora, CO 80015

Gilbert D. Fernandez, ums
5924 Guadalupe Trail NW
Albuquerque, NM 87107

Steve A. Tofte & his wife, Beth Tofte
P.O. Box 4221
Casper, WY 82604

Cazador, LLC
P.O. Box 10549
Midland, TX 79702

JH Petroleum, LLC
P.O. Box 621128
Lakewood, CO 80162-1128

Andrew Pursch & Karen Pursch, as Joint
Tenants
9257 Gunbarrel Ridge Road
Boulder, CO 80301

Louis A. Oswald, III
Trustee of the Oswald Family Trust dated April
27, 1998
P.O. Box 280969
Lakewood, CO 80228-0969

Joe McMahan, Jr., A single man
4545 S. Monaco Street, No. 144
Denver, CO 80237

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

<p>SPOON VALLEY ENERGY, LLC'S VERIFIED APPLICATION FOR AN ORDER CREATING STANDUP 320 ACRE DRILLING AND SPACING UNITS IN CERTAIN LANDS LOCATED IN HUERFANO COUNTY, COLORADO, FOR THE DRILLING OF WELLS TO THE ENTRADA AND DAKOTA FORMATIONS; AND APPLICATION FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS</p>	<p>CAUSE NO: 520 ORDER NO: DOCKET NO:</p>
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AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

Scott M. Campbell, of lawful age, being first duly sworn upon oath, states and declares:

That he is the attorney for Spoon Valley Energy, LLC, Applicant herein; that on November _____, 2010, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to each of the parties listed on Exhibit "A" to the Application.

POULSON, ODELL & PETERSON, LLC

By: _____
Scott M. Campbell
Jeremy I. Ferrin
1775 Sherman Street, Suite 1400
Denver, Colorado 80203-4319
Telephone: (303) 861-4400

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

Witness my hand and official seal.

My commission expires: July 22, 2011.

Notary Public