

**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
IN WELD COUNTY, COLORADO**

CAUSE NO. 318A,

DOCKET NO. ____

COMES NOW, Mineral Resources, Inc., a Colorado corporation ("Applicant") by and through its attorney, Thomas J Kimmell 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 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:

Township 6 North, Range 65 West, 6th P.M.
Section 32: W/2SE/4
Weld County, Colorado

2. 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. The lands are included in the Wattenberg spaced area for the production of oil and gas from the Codell and Niobrara formations on a stand up 80 acre basis (see Order No. 407-1 for the Codell formation and Order No. 407-1 for the Niobrara formation). The Sussex, J-Sand and Dakota formations are unspaced as to the W/2SE/4 of Section 32 above described.
3. Applicant has received permits to drill two wells within the W/2SE/4 of Section 32 above described.
4. As set forth above, Applicant intends to drill two wells to the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under W/2SE/4 of Section 32 above described. Pursuant to Rule 318A.a.(4)C., the lands above described are the designated spacing unit for the wells (the "Spacing Unit").
5. In addition, Applicant owns and operates oil and gas leases and controls mineral interests covering a total of 70.4107 acres, more or less, in the Spacing Unit. A plat of the Spacing Unit is attached hereto as Exhibit A.
6. The Spacing Unit consists of a total of 79.362 acres, more or less. Approximately 8.9509 acres, more or less, in the Spacing Unit are unleased.
7. According to the title work completed by Applicant, the unleased interests in the Spacing Unit total 8.9509 acres, more or less, and those interests are owned by the persons identified on Exhibit B attached hereto.
8. By letters sent to the persons described in Exhibit B, Applicant offered to lease the interests in the oil and gas owned by the unleased owners in the Spacing Unit. The letters included a proposed lease. A representative sample of the letter is attached hereto as Exhibit C.
9. 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.

10. In addition, in the letter containing the offer to lease described in paragraph 9, 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 two wells currently planned for the Spacing Unit. The letters included the following information as required by Rule 530 of the Commission's rules:

The location and objective depth of the wells to be drilled in the Spacing Unit,

The estimated drilling and completion costs of the wells to be drilled in the Spacing Unit,

The estimated spud date 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.

11. Because more than 30 days will have elapsed on the date this Application 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 the drilling and operating the two 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.
12. 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.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing, this Commission enter its order:

- a. That the Spacing Unit be designated as the drilling and spacing unit for the two wells and that unleased interests in the Spacing Unit in the Cretaceous formations from the base of the Dakota formation to the surface, to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B who are "non-consenting owners" as defined by Rule 530 of the rules of the Commission be pooled and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116,
- b. Authorizing the production of oil, gas and associated hydrocarbons from the Cretaceous formations from the base of the Dakota formation to the surface to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations from the Spacing Unit and from locations that are permitted by Rule 318A, and
- c. For such other and further relief as this Commission deems just and proper.

Dated this 20th day of October, 2010.

Respectfully Submitted,

Mineral Resources, Inc.

By: _____
Thomas J Kimmell
Zarlengo and Kimmell, P.C.
Its Attorney
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STATE OF COLORADO)
) ss.
COUNTY OF WELD)

Logan Richardson, of lawful age, being first duly sworn upon oath, deposes and says that he is employed by Applicant, that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Logan Richardson

Subscribed and sworn to before me this 19th day of October, 2010

Witness my hand and official seal.

My commission expires: _____

Notary Public