

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

IN THE MATTER OF THE APPLICATION OF)
RANCHERS EXPLORATION PARTNERS LLC)
FOR AN ORDER POOLING ALL UNLEASED)
AND/OR NONCONSENTING INTERESTS IN)
THE CODELL AND NIOBRARA FORMATIONS)
IN A DESIGNATED WELLBORE SPACING)
UNIT LOCATED IN THE WATTENBERG)
FIELD, LARIMER COUNTY, COLORADO)

Cause No. 407

Docket No. _____

APPLICATION

COMES NOW Ranchers Exploration Partners LLC (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all interests within a designated wellbore spacing unit for the drilling of a well to produce from the Codell and Niobrara Formations located in Section 24, Township 6 North, Range 68 West, 6th P.M., Larimer County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited liability company formed under the laws of the State of Nevada, and is duly authorized to conduct business in the State of Colorado.

2. Applicant, pursuant to Commission Rule 530 and pursuant to the provisions of C.R.S. §34-60-116(6) and (7), seeks an order to involuntarily pool all interests not voluntarily pooled (including unleased mineral interests) in the Codell and Niobrara Formations underlying the following described 80 acre wellbore spacing unit:

Township 6 North, Range 68 West, 6th P.M.
Section 24: W½NW¼
Larimer County, Colorado

(referred to herein as the "Wellbore Spacing Unit")

3. Applicant owns certain leasehold interests in the Wellbore Spacing Unit requested for pooling.

4. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation

underlying certain lands, including the Application Lands, with the drilling and spacing unit to be designed by the operator drilling the first well in the quarter section (or the Direction, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit.

5. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formation from the base of the Dakota Formation to the surface. The Application Lands are subject to the foregoing Orders and Rule 318A. Except with respect to the size and configuration of spacing units for pre-existing wells. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells pursuant to Rule 318A.

6. On September 3, 2010, Applicant submitted an Application for Permit to Drill the Retta J Well in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24. The Application included the delineated unit as to the Wellbore Spacing Unit. The Application was approved on September 30, 2010. The Applicant intends to drill a second well in the Wellbore Spacing Unit as allowed.

7. Exhibit A attached hereto lists leasehold and royalty owners for the Wellbore Spacing Unit together with their addresses. Exhibit A also lists all unleased mineral owners within the Wellbore Spacing Unit. As applicable, all unleased mineral owners (not otherwise voluntarily pooled) have been offered the opportunity to participate in the drilling of the Wellbore Spacing Unit Well. To date, however, not all of such owners have elected to participate by agreeing to bear their proportionate shares of the costs and risks of drilling, completing and operating the well. In addition and as applicable, Applicant has made offers to lease each of these unleased mineral owners (not otherwise voluntarily pooled) as required by Commission Rule 530.c. and C.R.S. §34-60-116(7)(d). To date, however, not all of such unleased mineral owners have accepted such offers. Such offers to participate in drilling or to lease were sent to these unleased mineral interest owners more than thirty (30) days prior to the date of the hearing on this Application.

8. Notice of this Application has been provided to those parties listed on Exhibit A attached hereto pursuant to Commission Rule 503(e).

9. Applicant requests that the Order of the Colorado Oil & Gas Conservation Commission be retroactive to the date that costs were first incurred for the wells in the Wellbore Spacing Unit.

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. Pooling involuntarily all of the unleased mineral interest owners listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Wellbore Spacing Unit Well and a second well as described in Section 6, and that such

owners be treated as non-consenting owners under C.R.S. §34-60-116 and made subject to the terms and penalties provided for therein.

B. That all interest owners in the Wellbore Spacing Unit which are not voluntarily pooled in the Wellbore Spacing Unit be involuntarily pooled.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this ____ day of _____, 2011.

BOOKHARDT & O'TOOLE, Attorneys
A Law Partnership of Professional Corporations
Kevin J. O'Toole #17938

By: _____
999 18th Street, Suite 2500
Denver, Colorado 80202
Telephone: (303) 294-0204

ATTORNEYS FOR APPLICANT

Applicant's Address:
7257 W. 4th Street
Greeley, Colorado 80634

VERIFICATION

STATE OF COLORADO)
) ss.
City and County of Denver)

Michael Ward, of lawful age, being first duly sworn upon oath, deposes and says that he is Agent and Attorney-in-Fact for Ranchers Exploration Partners LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

Subscribed and sworn to before me this ____ day of _____, 2011.

Witness my hand and official seal.

[SEAL]

My Commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Unleased Mineral Interest Owners

1. Eugene G. Fatton, Jr. and Deborah S. Fatton
7926 S. County Road 3, #S
Fort Collins, CO 80528
2. Dale H. Johnston and Sheryl L. Johnston
7614 S. County Road 3
Fort Collins, CO 80528
3. Una A. Johnston
7614 S. County Road 3
Fort Collins, CO 80528

Royalty Owners

1. James Johnston
280 Calvin Rd.
Cinebar, WA 98533
2. Wanda L. Banovic
7828 S. County Road 3
Fort Collins, CO 80528
3. Thomas L. Johnston and Retta A. Johnston
7800 S. County Road 3
Fort Collins, CO 80528

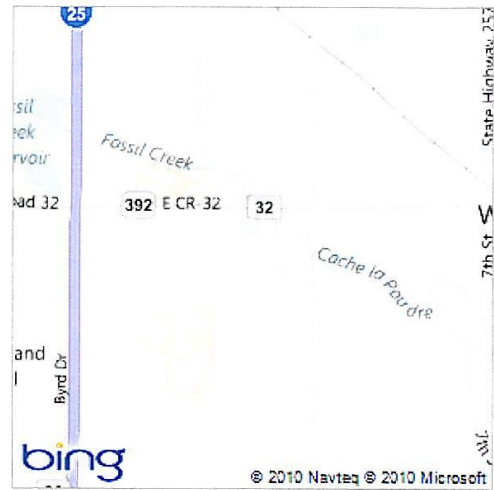
Working Interest Owners

1. Ranchers Exploration Partners LLC
7257 W. 4th Street
Greeley, CO 80634

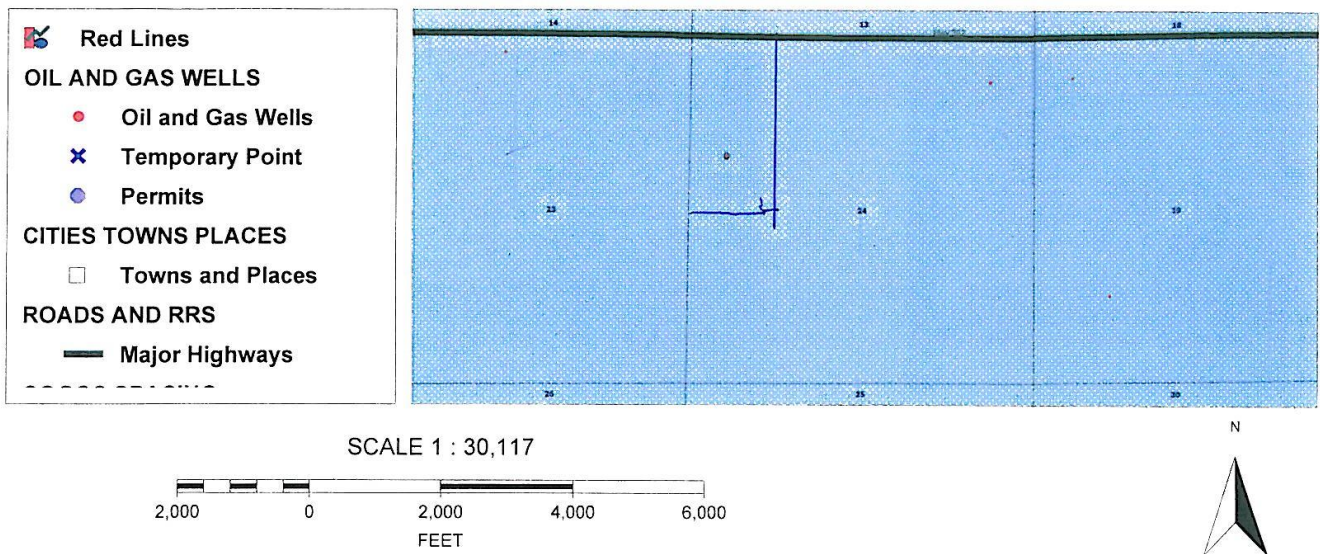
Bing Maps

My Notes

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COGCC GIS Online



LANDS SUBJECT TO COGCC ORDER 407-81



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AFFIDAVIT OF MAILING

[illegible]

Kevin J. O'Toole of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Ranchers Exploration Partners LLC, that on or before _____, 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.

Subscribed and sworn to before me this _____ day of _____, 2011.

Witness my hand and official seal.

My Commission expires: _____

Notary Public