

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

IN THE MATTER OF THE APPLICATION) CAUSE NO.
OF THE PAYMENT OF PROCEEDS ACT) DOCKET NO.

APPLICATION

COMES NOW, K. P. Kauffman, Inc. ("Applicant"), by and through its undersigned attorneys, and petitions the Colorado Oil and Gas Conservation Commission ("the Commission") for an order finding that a condition specified for the suspension of payments under the Payment of Proceeds Act, C.R.S. 34-60-118.5 ("the Act"), exists with respect to an undivided mineral interest in 76.245 acres in Section 22, NE1/4, Township 5 North, Range 66 West, 6th P.M., Weld County, Colorado ("Application Lands"). In support whereof, Applicant states:

1. Applicant is a “payor” as defined in the Act. Subsection (1)(b). The relevant requirement of the Act with regard to this matter is the requirement, found in Subsection (2)(a), to make payments of proceeds within specified time frames following the commencement of production, and on a monthly basis thereafter. With respect to this matter, production has been established from four (4) “Strong Wells” on the Application Lands:

- Strong #1-7
- Strong #2-8
- Strong #3-15
- Strong #4-22

At present, Applicant has put payments of proceeds for the Strong Wells into suspense.

2. “Compliance with the payment deadlines is suspended ... when payments are withheld ... due to any of the following reasons: ... A reasonable doubt by the payor as to the payee’s identity, whereabouts, or clear title to an interest in proceeds” Subsection (3)(a)(II).

3. In the instant matter, such doubt about the payee's identity – who is either Tuscany Parcel 2 LLC or Integrated Financial Associates, Inc. – and their respective title to an interest in proceeds exists. This title uncertainty is summarized in Exhibit A, attached hereto.

4. Under the Act, the Commission has the jurisdiction to determine the “existence or nonexistence of an occurrence ... which would justifiably cause a delay in payment” Subsection (5)(b).

5. Accordingly, Applicant requests that the Commission issue its order finding that a condition under which the payment of proceeds shall be suspended exists

in this matter. In addition to affording Applicant with the protection provided by the Act, it is the belief of Applicant that the issuance of such an order may serve as a stimulus to the putative owners of an interest in proceeds to resolve their title dispute, and allow the release of payments currently in suspense.

6. According to the information and belief of the Applicant, the names and addresses of the interested parties hereto are set forth in Exhibit B attached hereto; and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

7. A draft hearing notice will be submitted by Applicant within seven (7) days of the filing hereof.

8. Applicant agrees to be bound by the oral order of the Commission.

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

Dated this 17th day of March, 2011.

BEATTY & WOZNIAK, P.C.

By: _____
Kenneth A. Wonstolen
Heidi Hande
216 Sixteenth Street, Suite 1100
Denver, Colorado 80202-5155
303-407-4499

Applicant's Address
1675 Broadway, Suite 2800
Denver, CO 80202

VERIFICATION

STATE OF _____)
)
COUNTY OF _____) ss.

Kelsey H. Wasylenky, of lawful age, being first duly sworn upon oath, deposes and says that she is Attorney-in-Fact for K. P. Kauffman, Inc. and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Kelsey H. Wasylenky

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

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT B

K.P. Kauffman Company, Inc.
Attn: Kelsey H. Wasylenky, Esq.
1675 Broadway, Suite 2800
Denver, CO 80202

Tuscany 2 Residential, LLC
Attn: Mr. Justin Hardy
Litchfield Capital, LLC
1635 N. Greenfield Rd, Suite 115
Mesa, AZ, 85205

Integrated Financial Associates, Inc.
Attn: Mr. Bill Dyer
7785 W. Sahara Ave., Suite 100
Las Vegas, NV, 89117

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AFFIDAVIT OF MAILING

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

Kenneth A Wonstolen, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for K. P. Kauffman, Inc., and that on or before March __, 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 B to the Application.

Kenneth A. Wonstolen

Subscribed and sworn to before me March __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public