

**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 DRILLING AND SPACING UNITS	)	
FOR THE MANCOS, NIOBRARA, FRONTIER AND	)	CAUSE NO. 371
MOWRY FORMATIONS ("DEEP FORMATIONS"),	)	
AND ESTABLISHING DENSITY AND WELL AND	)	DOCKET NO. 1105-SP-50
WELL LOCATION RULES FOR THE WILLIAMS	)	
FORK, ILES AND DEEP FORMATIONS FOR	)	
CERTAIN DESCRIBED LANDS IN THE BUZZARD	)	
FIELD, MESA COUNTY, CO	)	

**AMENDED APPLICATION**

COMES NOW Laramie Energy II, LLC ("Applicant"), by its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, and submits its amended application to the Oil and Gas Conservation Commission of the State of Colorado, for an order establishing spacing units, 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 Mancos, Niobrara, Frontier and Mowry Formations ("Deep Formations") covering certain described lands in the Buzzard Field, Mesa County, Colorado, and in support of its application states as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado.
2. Applicant owns oil and gas mineral and leasehold interests in most of the following described lands located in Mesa County, containing approximately 480 acres (hereinafter, the "Application Lands"):

Township 9 South, Range 94 West, 6th P.M.  
Section 17: W1/2 and SE1/4
3. There are no producing wells on the Application Lands.
4. Under Commission Order No. 371-1, dated June 15, 1981, each quarter section of the Application Lands was established as a 160-acre drilling and spacing unit for the Mesaverde Group Formations.
5. The Application Lands as to the Deep Formations are governed by Rule 318.a, which provides that a well to be 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.

6. Multiple wells have been drilled, tested and completed in the Williams Fork and Iles Formation of the Mesaverde Group in the vicinity of the Application Lands, and a few wells have also been drilled to the Deep Formations in the general area of the Application Lands.

### **Spacing Request**

7. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to establish drilling and spacing units to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

8. Drilling and spacing units of approximately 160-acres are not less than the maximum area than can be efficiently, economically and effectively drained by a well producing oil, gas and associated hydrocarbons from the Mancos, Niobrara, Frontier and Mowry Formations ("Deep Formations") in the W1/2 of said Section 17.

9. The Applicant requests the Commission to establish two (2) approximately 160-acre drilling and spacing units consisting of the NW1/4 and SW1/4 of said Section 17, or lots or parcels approximately equivalent thereto, for production from each of the Deep Formations. Such units would be consistent with the units already established by Order 371-1 for the Williams Fork and Iles Formations in the W/2 of said Section 17.

### **Well Density Request**

10. Under Commission Order 371-1, the permitted well to the Mesaverde Group Formations in each spacing unit of the Application Lands should be located no closer than 660 feet from the boundaries of the unit upon which it is located.

11. To promote efficient drainage and avoid waste the Commission should increase the number of wells which may be optionally drilled to and produced from the Williams Fork and Iles Formations of the Mesaverde Group to the equivalent of one well per ten (10) acre underlying the Application Lands.

12. 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 each spacing unit, unless such 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 the Williams Fork and Iles Formation may be drilled downhole no closer than 200 feet from that portion of such 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.

13. To promote efficient drainage and avoid waste the Commission should increase the number of wells which may be optionally drilled to and produced from the Deep Formations to the equivalent of one well per ten (10) acre underlying the following portion of the Application Lands:

Township 9 South, Range 94 West, 6th P.M.  
Section 17: W1/2

14. With respect to that portion of the Application Lands on which ten (10) acre well density is requested for the Deep Formations, the Commission should allow all future Deep Formation wells to be located downhole anywhere on such lands, but no closer than 600 feet from the boundaries of each spacing 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 the Deep Formation shall be drilled downhole no closer than 100 feet, or the setback footage in such other Deep Formation order whichever is greater, from that portion of such unit 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.

15. 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.

16. The well density and location rules requested in the Amended Application shall apply to vertical and directional wells, but shall not apply to horizontal wells, for which existing Commission rules and orders shall continue to apply.

17. 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 pursuant to application made for such exception.

18. 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.

19. 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 in June 27 or 28, 2011, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals set forth above.

Dated: May 31, 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@lohfsheiman.com](mailto:mmorgan@lohfsheiman.com)

Applicant's Address:  
Laramie Energy II, LLC  
1512 Larimer Street, Suite 1000  
Denver, CO 80202

## VERIFICATION

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

Mark R. Petry, of lawful age, being first duly sworn upon oath, deposes and states that he is a Vice President of Business Development for Laramie Energy II, 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.

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Mark R. Petry

Subscribed and sworn to before me this \_\_\_\_ day of May, 2011.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

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Notary Public

**EXHIBIT A**  
**NOTICE LIST**

Encana Oil & Gas (USA) Inc.  
370 17<sup>th</sup> Street, Suite 1700  
Denver, CO 80202

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

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

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

Bureau of Land Management  
Colorado State Office  
2850 Yongfield Street  
Lakewood, Colorado 80215-7093  
Attn: Hank Szymanski

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

Kent Kuster  
Colorado Department of Public Health & Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246

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CERTAIN DESCRIBED LANDS IN THE BUZZARD )  
FIELD, MESA COUNTY, CO )

CAUSE NO. 371

DOCKET NO. 1105-SP-50

**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 May 31, 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 31<sup>st</sup> day of May, 2011.

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

\_\_\_\_\_  
Tonja L. Hoisington, Notary Public