

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

IN THE MATTER OF THE APPLICATION OF LARAMIE)
ENERGY II, LLC FOR AN ORDER ESTABLISHING A)
DRILLING AND SPACING UNIT FOR THE WILLIAMS)
FORK, ILES, MANCOS, NIOBRARA, FRONTIER AND)
AND MOWRY FORMATIONS AND ESTABLISHING)
RELATED DENSITY AND WELL LOCATION RULES)
FOR CERTAIN DESCRIBED LANDS IN THE BUZZARD)
FIELD AREA, MESA COUNTY, CO)

CAUSE NO. 369

DOCKET NO. 1201-SP-_____

APPLICATION

COMES NOW Laramie Energy II, LLC ("Applicant"), by its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, and submits it's Application to the Oil and Gas Conservation Commission of the State of Colorado, for an order establishing a spacing unit for the Williams Fork and Iles Formations of the Mesaverde Group, and also the Mancos, Niobrara, Frontier and Mowry Formations ("Deep Formations"), and establishing related well density and well location rules in certain described lands in the Buzzard Field Area, Mesa County, Colorado, and in support of its application states:

1. Applicant is duly authorized to conduct business in the State of Colorado.
2. Applicant owns oil and gas leasehold interests in the following described lands located in Mesa County, containing approximately 160 acres (hereinafter, the "Application Lands"):

Township 9 South, Range 93 West, 6th P.M.
Section 17: SW1/4

3. Under Commission Order No. 369-5, dated effective September 22, 2008, the equivalent of one (1) well per 10 acres was approved for production of gas and associated hydrocarbons from the Williams Fork and Iles Formations in the Application Lands. The Order provides for downhole locations anywhere within said lands but no closer than 100 feet from a lease line or the boundaries of said lands, unless the lands abut or corner lands in respect of which the Commission has not granted 10 acre density to the Williams Fork and Iles Formations, in which case the downhole location is required to be 200 feet from such boundaries.

4. As to the Deep Formations, the Application Lands are currently governed by Rule 318.a, which provides that any well drilled in excess of 2,500 feet in depth shall be located not less than 600 feet from any lease line, and shall be located not less than 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.

5. There are no producing wells on the Application Lands. Multiple wells have been drilled, tested and completed in the Williams Fork and Iles Formation in the vicinity of the Application Lands, and a few wells have been drilled to the Deep Formations in the general area of the Application Lands.

Spacing Request

6. Colorado Revised Statute Section 34-60-116 authorizes the Commission to establish drilling and spacing units which are no smaller than the maximum area which can be efficiently and economically drained by one well.

7. A drilling and spacing unit of approximately 160-acres is not less than the maximum area than can be efficiently, economically and effectively drained by one well producing oil, gas and associated hydrocarbons from the Williams Fork, Isles and Deep Formations in the Application Lands.

8. The Applicant requests establishment of an approximately 160-acre drilling and spacing unit consisting of the SW1/4 of said Section 17, or lots or parcels approximately equivalent thereto, for production of oil, gas and associated hydrocarbons from the Williams Fork, Isles and Deep Formations.

Well Density Request

9. To promote efficient drainage and avoid waste, the Applicant requests that the Commission increase the number of wells which may be optionally drilled and produced for oil from the Williams Fork and Isles Formations in the Application Lands, to the equivalent of one well per 10 acres, subject to the well location and setback requirements of Order 369-5 set forth above.

10. The Applicant further requests that the Commission increase the number of wells which may be optionally drilled and produced from the Deep Formations in the Application Lands, to the equivalent of one well per 10 acres, subject to the well location and setback requirements described below.

11. The Commission should allow all future Deep Formation wells in the Application lands to be located downhole anywhere on such lands, but no closer than 600 feet from the boundaries of the 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 in the Deep Formations, in which event any well to such Deep Formations shall be drilled downhole no closer than 100 feet, or the setback footage in such other Deep Formations order, whichever is greater, from that portion of such 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.

12. The well density and location rules under the requested order should apply to vertical and directional wells, but not to horizontal wells, for which existing Commission rules and orders shall continue to apply.

14. Wells to be drilled under the requested order should 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.

15. 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.

16. 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 on January 23, 2012, notice be given as required by law and upon such hearing the Commission enter its order consistent with the Applicant's proposals set forth above.

Dated: November 22, 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@lohfshaiman.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, he has read the foregoing Application and the matters therein contained are true to the best of his knowledge, information and belief.

Mark R. Petry

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

Witness my hand and official seal.

My commission expires:_____

Notary Public

**EXHIBIT A
NOTICE LIST**

Laramie Energy II, LLC

Attn: Mark Petry
1512 Larimer Street, Suite 1000
Denver, Colorado 80202

Delta Petroleum Corp.

Attn: Paul M. Joeckel
370 17th Street, Suite 4300
Denver, Colorado 80202

Mr. James C. Jensen

Mr. Erik G. Jensen

520 Rio Seco Rd.
Silt, CO 81652-9402

Ms. Dorothy A. Jensen

200 West 20th, Unit A52
Rifle, CO 81650-3277

Encana Oil & Gas (USA) Inc.

Attn: South Piceance Land
370 17th Street, Suite 1700
Denver, Colorado 80202

Mr. Randy Price

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

Ms. Kim Kaal

Mr. Jon Holst

Colorado Division of Wildlife
6060 Broadway
Denver, Colorado 80216

Mr. Kent Kuster

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

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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. On November 22, 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 22nd day of November, 2011.

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

Tonja L. Hoisington, Notary Public