

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

IN THE MATTER OF THE APPLICATION OF )  
PABLO OPERATING COMPANY FOR AN )  
ORDER ALLOWING FOUR (4) WELLS IN ) Cause No. \_\_\_\_\_  
TWO ESTABLISHED 320-ACRE DRILLING )  
AND SPACING UNITS FOR CERTAIN LANDS ) Docket No. \_\_\_\_\_  
WITHIN THE FRUITLAND COAL )  
FORMATION IN SECTION 27, TOWNSHIP 33 )  
NORTH, RANGE 8 WEST LA PLATA )  
COUNTY, COLORADO )

APPLICATION

Pablo Operating Company (“Applicant”), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order allowing the drilling of up to four (4) wells in two established 320-acre drilling and spacing units for the Fruitland Coal Formation in Section 27, Township 33 North, Range 8 West and in support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. Applicant is the operator with the right to drill certain leasehold interests in La Plata County, Colorado as set forth below:

Township 33 North, Range 8 West, N.M.P.M.  
Section 27: All

These lands are hereinafter referred to as the “Application Lands.” A reference map of the Application Lands is attached to this Application.

3. Commission Order No. 112-157 applies to the Application Lands and establishes, among other things, two (2) wells to be drilled for the production of gas from the Fruitland Coal Formation from 320-acre drilling and spacing units with the permitted well to be located in any undrilled quarter section no closer than 990 feet from the boundaries of the quarter section, nor closer than 130 feet to any interior quarter section line.

4. Applicant has drilled several wells on the Application Lands and asserts that the Application Lands share similar geologic and engineering characteristics with adjoining sections in which the Commission has allowed the drilling of four (4) wells in each 320-acre drilling and spacing units to the Fruitland Coal Formation.

5. Applicant requests that the Commission enter an order allowing four (4) wells to be vertically, directionally, or horizontally drilled in each stand-up 320-acre drilling and spacing unit for the production of gas from the Fruitland coal seams on the Application Lands, with the permitted wells to be no closer than six hundred and sixty (660) feet from the unit boundary, with no interior boundary setbacks. Applicant asserts that the surface location of each of the optional wells shall be located on a common or existing pad such that a total of four (4) Fruitland Coal Formation well pads shall be authorized in each governmental section.

6. Applicant requests that this Commission take notice of the testimony and exhibits supporting Order Nos. 112-181, 112-191, 112-190, and 112-195 which allow up to four (4) wells in each 320-acre drilling and spacing unit for production of gas from the Fruitland coal seams with the permitted well to be no closer than six hundred and sixty (660) feet from the unit boundary, with no interior boundary setbacks, for Sections 21-23, 26, 28, and 31-33, Township 33 North, Range 8 West, all of which adjoin the Application Lands.

7. Applicant asserts the allowance of four (4) wells in each 320-acre drilling and spacing unit on the Application Lands is in the best interests of conservation, including accurate production accounting and efficient operation of the wells, is necessary to prevent waste, protect

correlative rights and to assure the greatest recovery of gas and associated hydrocarbons from the Niobrara formation all in accordance with the Colorado statutes and the Commission rules.

8. Applicant asserts that four (4) wells in the established 320-acre drilling and spacing units can be developed in a manner consistent with protection of public health, safety and welfare.

9. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

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

A. Allowing four (4) wells to be drilled in each 320-acre drilling and spacing unit for the Application Lands for the production of gas and associated hydrocarbons from the Fruitland Coal Formation underlying the Application Lands;

B. Allowing the surface location of each of the optional wells to be located on a common or existing pad such that a total of four (4) Fruitland Coal Formation well pads shall be authorized in each governmental section; and

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

Dated this 19<sup>th</sup> day of May, 2010.

Respectfully submitted,

PABLO OPERATING COMPANY

By: \_\_\_\_\_  
Michael J. Wozniak  
Jamie L. Jost  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499

Applicant's Address:  
777 Main Street, Suite 3250  
Fort Worth, Texas 76102



EXHIBIT A

INTERESTED PARTIES

Colorado Department of Public Health and Energy  
Attn: Kent Kuster  
4300 Cherry Creek Drive South  
Denver, Colorado 80246-1530

Colorado Division of Wildlife  
Attn: Celia Greenman  
6060 Broadway  
Denver, Colorado 80216

Victoria Schmitt  
Community Development Dept. La Plata County  
1060 East 2<sup>nd</sup> Avenue  
Durango, Colorado 81301

Elm Ridge Resources  
12225 Greenville Avenue, Suite 950  
Dallas, TX 75243-9362

J. Thomas Schieffer  
777 Main Street, Suite 3250  
Fort Worth, TX 76102

Patricia P. Schieffer  
777 Main Street, Suite 3250  
Fort Worth, TX 76102

Patricia P. Schieffer Testamentary Trust  
777 Main Street, Suite 3250  
Fort Worth, TX 76102

Tatum Living Trust  
c/o Bank of America  
P.O. Box 2546  
Fort Worth, TX 76113-2546

Ms. Leslie C. Tatum  
P.O. Box 7392  
N. Kansas City, Missouri 64116

S G Interests V, Ltd.  
100 Waugh, Suite 400  
Houston, TX 77007

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COUNTY, COLORADO )

AFFIDAVIT OF MAILING

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

Jamie L. Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Pablo Operating Company, and that on or before May 26, 2010, she 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.

\_\_\_\_\_  
Jamie L. Jost

Subscribed and sworn to before me May 19, 2010.

Witness my hand and official seal.

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

\_\_\_\_\_  
Notary Public