

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

IN THE MATTER OF THE APPLICATION OF )  
FOUNDATION ENERGY MANAGEMENT, LLC )  
FOR AN ORDER ESTABLISHING ONE )  
APPROXIMATE 640-ACRE DRILLING AND )  
SPACING UNIT AND ESTABLISHING EXISTING )  
WELL LOCATION RULES APPLICABLE TO )  
THE DRILLING AND PRODUCING OF WELLS )  
FROM THE NIOBRARA FORMATION )  
COVERING CERTAIN LANDS IN TOWNSHIP 7 )  
NORTH, RANGE 59 WEST, 6<sup>TH</sup> P.M., WELD )  
COUNTY, COLORADO. )

Cause NO. 535

Docket NO.

Intake No. 32

APPLICATION

Foundation Energy Fund III-A, L.P., Foundation Energy Fund III-B Holding, L.L.C., Foundation Energy Fund IV-A, L.P., and Foundation Energy Fund IV-B Holding, L.L.C., by and through Foundation Energy Management, L.L.C., as manager of each of these four entities (collectively, "Applicant" or "Foundation"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing one approximate 640-acre drilling and spacing unit, and establishing well location rules applicable to the drilling of wells and producing of oil and gas from the Niobrara Formation covering certain lands in Weld County, Colorado. In support of its Application, Applicant states as follows:

1. Applicant owns leasehold interests in the following lands ("Application Lands"):

Township 7 North, Range 59 West, 6th P.M.  
Section 6: ALL

A reference map of the Application Lands is attached hereto.

1. The Application Lands are subject to Commission Rule 318.a. which provides that a well drilled in excess of 2,500' in depth shall be located not less than 600' from any lease line, and shall be located not less than 1,200' from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. There are no other specific Commission Orders applicable to the Niobrara Formation underlying the Application Lands.

2. The Niobrara Formation in the area of the Application Lands is defined as the stratigraphic equivalent of the interval between 6,101' (top of the Niobrara) and 6,401' (base of the Niobrara) as found in the Wickstrom #6-5 (API # 05-123-21315) Well located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of

Section 6, Township 7 North, Range 59 West, 6<sup>th</sup> P.M., Weld County, Colorado. The Niobrara Formation is a common source of supply under the Application Lands.

3. To promote efficient drainage within the Niobrara Formation of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish a drilling and spacing unit of approximately 640 acres covering the Application Lands.

4. The above-proposed drilling and spacing unit will allow efficient drainage of the Niobrara Formation, will prevent waste, will not adversely affect correlative rights and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Niobrara Formation. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that a well drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

5. Applicant is requesting to drill and complete one horizontal well in the approximate 640-acre drilling and spacing unit described above, with the option to drill and complete an additional three wells in the drilling and spacing unit. The Applicant states the proposed horizontal well shall be located at a legal location on the surface anywhere within the designated drilling and spacing unit with initial perforation of the Niobrara Formation. Applicant further states that the treated interval of each well shall be located no closer than 600 feet from the boundaries of the drilling and spacing unit and no closer than 200 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. The Applicant further maintains that the proposed horizontal well will have no adverse effect on correlative rights of adjacent land owners.

6. 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 the original Application shall be served on each interested party 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 consistent with Applicant's proposals as set forth above.

Dated this 29th day of August, 2013.

Respectfully submitted,  
WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: Chelsey J. Russell  
Chelsey J. Russell  
Stephen J. Sullivan  
Welborn Sullivan Meck & Tooley, P.C.  
Attorneys for Applicant  
1125 - 17th Street, Suite 2200  
Denver, CO 80202  
303-830-2500

Applicant's Address:

1801 Broadway, Suite 408  
Denver, CO 80202

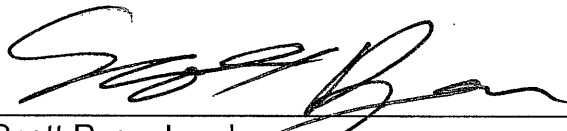
Attn: Scott Ryan, Landman  
Phone: 303-861-0504 ext. 203

VERIFICATION

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

Scott Ryan, Landman with Foundation Energy Management, L.L.C., upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

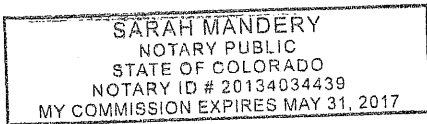
FOUNDATION ENERGY  
MANAGEMENT, L.L.C.



\_\_\_\_\_  
Scott Ryan, Landman

Subscribed and sworn to before me this 28<sup>th</sup> day of August, 2013 by Scott Ryan,  
Landman for Foundation Energy Management, L.L.C.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 5-31-17

EXHIBIT A

INTERESTED PARTIES

Mile Hi Oil & Gas, Inc. Littleton, CO 80162-1609 PO Box 621609	TAK Mountain, LLC 16000 Broadway, Suite #1525 Denver, CO 80202
David Bauer Weld County 1111 H Street Greeley, CO 80632	Colorado Department of Public Health and Environment (CDPHE) Attn: Kent Custer 4300 Cherry Creek Drive South Denver, CO 80246-1530
Colorado Division of Wildlife (DOW) Attn: Celia Greenman 6060 Broadway Denver, CO 80216	

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FEM Application  
Lands

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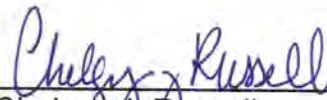
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AFFIDAVIT OF MAILING

STATE OF COLORADO §  
§  
CITY AND COUNTY OF DENVER §

I, Chelsey J. Russell, of lawful age, and being first duly sworn upon my oath, state and declare:

That I am the attorney for Foundation Energy Management, L.L.C. and that on or before September 4, 2013, I 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.

  
Chelsey J. Russell

Subscribed and sworn to before me September 4, 2013.

Witness my hand and official seal.



  
Notary Public  
My commission expires: September 24, 2017