

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO.369
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS FOR THE WILLIAMS FORK AND ILES) DOCKET NO. 1406-SP-_____
FORMATIONS, VEGA FIELD, MESA COUNTY,)
COLORADO)

VERIFIED APPLICATION

Piceance Energy, LLC ("Piceance") by and through its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, respectfully submits its Verified Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order vacating Order 369-1 as to the Application Lands, and establishing an approximate 640-acre spacing drilling and spacing unit for production of oil, gas and associated hydrocarbon substances, applicable to the drilling and producing of wells to the Williams Fork and Iles Formations in the Application Lands in Mesa County, Colorado, and in support states as follows:

1. Piceance is a Delaware limited liability company duly organized and authorized to conduct business in the State of Colorado.

2. Piceance owns 95% of the oil and gas leasehold interests, which covers 100% of the oil and gas mineral estate, in the following lands in Mesa County, Colorado (the "Application Lands"):

Township 9 South, Range 93 West of the 6th P.M.
Section 25: All

3. On April 20, 1981, the Commission issued Order No. 369-1 which, among other things, established the E½ and W½ of the Application Lands as separate 320-acre drilling and spacing units for the Mesaverde Formation, which includes the intervals referred to herein as the Williams Fork and Iles Formations.

4. On February 25, 2005, the Commission issued Order No. 399-4 (corrected) which authorized the equivalent of one (1) well per 10 acres for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations in the Application Lands. The Order further provided that future wells drilled to such Formations on the Application Lands would be located downhole anywhere within the Application Lands, but no closer than 100 feet from a boundary of the unit or lease line (if unspaced) without exception being granted by the Director of the Commission. In cases where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10 acre density Williams Fork and Iles Formation wells, the Order further provided that wells shall be located down hole no closer than 200 feet from the boundaries of the unit or lease line (if unspaced) abutting or cornering such lands, without exception being granted by the Director of the Commission. The Order further provided that such wells shall be drilled from the surface either vertically or directionally from no more than one well pad located on a given quarter-quarter section unless exception is granted by the Director of the Commission.

5. The records of the Commission reflect that no wells are currently producing nor have they previously produced from the Williams Fork or Iles Formations in the Application Lands.

6. To promote efficient drainage of the Williams Fork and Iles Formations in the Application Lands, to protect correlative rights, avoid waste, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the formation, the Commission should enter an order vacating Order 369-1 as to the Application Lands, and establishing an approximately 640-acre drilling and spacing unit consisting of the Application Lands, for the drilling and producing of wells to the Williams Fork and Iles Formations.

7. Piceance requests that such order allow it to drill and complete wells in the requested unit in the density and under the well location and operating rules established by Order No. 399-4 (corrected).

8. The above-proposed drilling and spacing unit will allow efficient drainage of the Williams Fork and Iles Formations, prevent waste, not adversely affect correlative rights of any owner, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the reservoirs.

9. As already established by Order No. 369-1, a drilling and spacing unit of the size and shape specified above is not smaller than the maximum area which can be economically and efficiently drained by a single well to the Williams Fork and Iles Formations in the proposed unit.

10. The proposed wells can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

11. The names and addresses of interested parties according to the information and belief of Piceance are set forth in the annexed **Exhibit A**. The undersigned certifies that copies of this Verified Application shall be served on each interested party as required by Rule 503.e.

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

A. Vacating Order 369-1 as to the Application Lands.

B. Establishing the Application Lands as an approximate 640-acre drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

C. Providing that the density and location of wells drilled to the Williams Fork and Iles Formations in said unit shall be under the rules established by Order No. 399-4 (corrected).

D. For such other findings and orders, consistent with the requests set forth above, which the Commission may determine to be just and proper.

RESPECTFULLY SUBMITTED this th17 day of April, 2014.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____


J. Michael Morgan #7279
950 South Cherry Street, Suite 900
Denver, Colorado 80246
(303) 753-9000
(303) 753-9997 (fax)
mmorgan@lohfshaiman.com

Address of Applicant:
Piceance Energy, LLC
1512 Larimer Street, Suite 1000
Denver, CO 80202

EXHIBIT "A"

TO VERIFIED APPLICATION OF PICEANCE ENERGY, LLC

Township 9 South, Range 93 West, 6th P.M.

Section 25: All

Applicant:

Piceance Energy, LLC
1512 Larimer Street, Suite 1000
Denver, Colorado 80202

Applicant's Attorney:

J. Michael Morgan, Esq.
Lohf Shaiman Jacobs Hyman & Feiger PC
950 South Cherry Street, Suite 900
Denver, Colorado 80246

Local Government Designee:

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

Other Interested Parties:

Piceance Energy, LLC
1512 Larimer Street, Suite 1000
Denver, Colorado 80202
Attn: Tom Rutledge

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attn: Richard Champion

Kim Kaal and Jon Holst
Colorado Division of Wildlife
6060 Broadway
Denver, Colorado 80214

Bureau of Land Management
2815 H Road
Grand Junction, Colorado 81506
Attn: Bob Hartman

Kent Kuster
Colorado Department of State
Health and Environment
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

VERIFICATION

STATE OF COLORADO

COUNTY OF MESA

)
)
)
ss.

The undersigned, of lawful age, having been first sworn upon her oath, deposes and states that:

1. He is Senior Land Manager – Piceance Basin for the Applicant, and he maintains his office at 601 28 ¼ Road, Suite D, Grand Junction, Colorado 81506

2. He has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.


Tom Rutledge

Subscribed and sworn to before me this 16th day of April, 2014.

Witness my hand and official seal.

My commission expires: May 01, 2017


Notary Public

DARLA V. RIGGS
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID #20134027086
My Commission Expires May 1, 2017

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FORMATIONS, VEGA FIELD, MESA COUNTY,)
COLORADO)

AFFIDAVIT OF MAILING

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

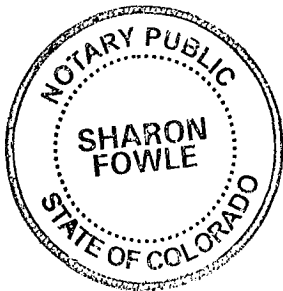
J. Michael Morgan, of lawful age and being first duly sworn upon his oath, states and declares:

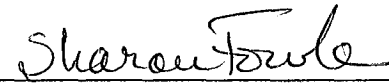
That he is the attorney for Piceance Energy, LLC in the above-captioned matter, that on April 17th, 2014, and he caused a copy of the attached Verified Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on **Exhibit A** to the Application.



J. Michael Morgan

Subscribed and sworn to before me this 17th day of April, 2014.
Witness my hand and official seal.
My commission expires: 3/5/2015





Sharon Fowle, Notary Public

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COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On April 17, 2014, Piceance Energy, LLC ("Piceance" or "Applicant"), by its attorneys, filed with the Commission pursuant to §34-60-116 C.R.S., a verified application ("Application") for an order to:

- 1) Vacate two approximate 320-acre drilling and spacing units established for Section 25, Township 9 South, Range 93 West, 6th P.M. by Order Nos. 369-1.
- 2) Establish an approximate 640-acre drilling and spacing unit for the Williams Fork and Iles Formations consisting of said Section 25.
- 3) Approve the equivalent of one well per 10 acres density. The Order further provided that future wells drilled to such Formations on the Application Lands would be located downhole anywhere within the Application Lands, but no closer than 100 feet from a boundary of the unit or lease line (if unspaced) without exception being granted by the Director of the Commission.
- 4) Operator states the proposed unit will otherwise comply with the well location requirements of Order Nos. 399-4.

APPLICATION LANDS

Township 9 South, Range 93 West, 6th P.M.
Section 25: All

PRIOR RULES AND ORDERS

(available online at: <http://cogcc.state.co.us>, under "ORDERS")

- On April 20, 1981, Order No. 369-1 established the E½ and W½ of the Application Lands as separate 320-acre drilling and spacing units for the Mesaverde Formation, which includes the intervals referred to as the Williams Fork and Iles Formations.
- On February 25, 2005, Order No. 399-4 (corrected) authorized the equivalent of one (1) well per 10 acres for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations in the Application Lands, and provided among other things that future wells would be located downhole anywhere within the Application Lands, but no closer than 100 feet from a boundary of the unit or

lease line (if unspaced) without exception being granted by the Director of the Commission.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado under §34-60-105 C.R.S.; 2) specific powers granted pursuant to §34-60-106 C.R.S.; 3) the State Administrative Procedures Act at §24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2 CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, June 16, 2014
Tuesday, June 17, 2014

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

At hearing, the Commission will consider the Application and enter an order pursuant to its authority under the statute. **Any interested party desiring to protest or intervene should file with the Commission a written protest or intervention in accordance with Rule 509., no later than June 2, 2014.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. One electronic (cogcc.hearings_unit@state.co.us), one original and two copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of June 3, 2014.** Pursuant to Rule 511., if the matter is uncontested, it may be approved without a hearing, based on review of the merits of the verified application and supporting exhibits.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Robert J. Frick, Secretary

Dated: _____

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203
Website: <http://cogcc.state.co.us>
Phone: (303) 894-2100
Fax: (303) 894-2109

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