

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

IN THE MATTER OF THE PROMULGATION	)	CAUSE NO. 520
AND ESTABLISHMENT OF FIELD RULES TO	)	
GOVERN OPERATIONS IN THE OAKDALE FIELD,	)	DOCKET NO. 0906-EX-02
HUERFANO COUNTY, COLORADO	)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On December 2, 1999, the Commission issued Order No. 520-1, which among other things, established 160-acre drilling and spacing units for certain lands including Section 9, Township 29 South, Range 69 West, 6<sup>th</sup> P.M, for the production of oil, gas and associated hydrocarbons from the Dakota and Entrada Formations, with the bottom hole location no closer than 600 feet from the outer boundaries of the unit and the Director given authority, based on topographic conditions, to grant exceptions to the well location requirement without prior notice or hearing, based upon an adequate showing by the operator that topography makes it unreasonable to drill a well within the 600 foot setback, and provided that the bottom hole for the exception location is no closer than 350 feet from the boundary of the unit.

On July 11, 2008, Spoon Valley Energy, LLC ("Spoon Valley"), was issued an Application for Permit to Drill ("APD") for the Cougar #1 Well located in the NE¼ NW¼ of Section 9, Township 29 South, Range 69 West, P.M., with a proposed location of 1218 feet FNL and 1472 feet FWL, for the production of gas and associated hydrocarbons from the Dakota and Entrada Formations.

On April 24, 2009, Spoon Valley, by its attorney, filed with the Commission a verified application for an order to allow an exception location to the permitted location. Spoon Valley states that it originally intended to drill a vertical well at a location of 600 feet FNL & 2033 feet FWL of Section 9, Township 29 South, Range 69 West, P.M., however, Spoon Valley elected to move the surface location south and west due to topographic and subsurface concerns associated with the abandoned Oakview Coal Mine, and in particular to avoid the area of the old mine shafts, which resulted in the permitted surface location of 1218 feet FNL and 1472 feet FWL of said Section 9, knowing that a vertical wellbore at said location would encounter the Dakota Formation at a lower and less desirable structural position. For reasons beyond Spoon Valley's control, the bottom hole location of the Cougar #1 Well terminated approximately 35 feet inside the 600 foot setback from the adjacent 160-acre drilling and spacing unit to the north (the SW¼ of Section 4) and approximately 26 feet inside the 600 foot setback from the adjacent 160-acre drilling and spacing unit to the east (the NE¼ of Section 8). The bottom hole location of the Cougar #1 Well is approximately 800 feet from the cornering drilling and spacing unit (the SE¼ of Section 5).

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date:	Thursday, June 11, 2009 Friday, June 12, 2009
Time:	9:00 a.m.
Place:	Suite 801, The Chancery Building 1120 Lincoln Street 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.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than May 26, 2009, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 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 May 26, 2009.** Pursuant to Rule 503.f., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **May 26, 2009, the Applicant may request that an administrative hearing be scheduled during the week of May 26, 2009.** In the alternative, pursuant to Rule 511.b., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By \_\_\_\_\_  
Robert A. Willis, Acting Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
May 8, 2009

Attorneys for Applicant:  
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