

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

IN THE MATTER OF THE APPLICATION OF )  
LARAMIE ENERGY, LLC ) CAUSE NO. 166  
PLATEAU FIELD )  
MESA COUNTY, COLORADO ) DOCKET NO. \_\_\_\_\_

**VERIFIED APPLICATION**

COMES NOW, the Applicant, Laramie Energy, LLC, by and through its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order to permit, at the option of the operator, additional wells to be drilled in certain existing drilling units in the Plateau Field in Mesa County, Colorado. In support thereof, Laramie Energy, LLC states as follows:

APPLICATION LANDS

I

Applicant is the owner of oil and gas leases in existing drilling units established for the Mesaverde Formation in the following described lands in the Plateau Field, hereafter referred to as "Application Lands":

Township 9 South, Range 94 West, 6th P.M.  
Section 30: E/2, SW/4  
Section 31: NW/4  
Section 32: N/2  
Section 33: SW/4

Township 9 South, Range 95 West, 6th P.M.  
Section 36: NW/4

Township 10 South, Range 94 West, 6th P.M.  
Section 5: SE/4  
Section 16: NW/4, SE/4  
Section 17: SW/4  
Section 18: E/2  
Section 19: N/2  
Section 20: W/2

Township 10 South, Range 95 West, 6th P.M.  
Section 1: SE/4  
Section 24: SE/4

Applicant is also the operator of wells producing from the Mesaverde Formation in portions of the Application Lands.

## EXISTING ORDERS

### II

By Cause No. 166, Order No. 166-1 dated April 17, 1962, the Oil and Gas Conservation Commission established drilling units for the Plateau Field for production of gas and associated hydrocarbons from the Mesaverde Formation, including the Corcoran Sandstone as its basal member. The order establishes 640-acre drilling units to consist of entire sections of land for the production of gas from the Mesaverde Formation. The order provides that the permitted wells are to be located no closer than 1,320 feet from the section line. The order states that all wells drilled and all locations approved prior to the time of the order are designated as permitted wells and locations for the respective drilling units. No portion of the Application Lands was included in the original Plateau Field established by Cause No. 166, Order No. 166-1.

By Cause No. 166, Order No. 166-8 dated May 5, 1967, the Oil and Gas Conservation Commission amended Order No. 166-1 by deleting certain drilling units from the Plateau Field. The order identifies drilling units on which development has occurred and retains those drilling units in the Plateau Field. The order states that for drilling units in which no development had occurred, the spacing requirements of Order No. 166-1 serve no present purpose. The order deleted the drilling units in which no development had occurred from the provisions of Order No. 166-1.

By Cause No. 166, Order No. 166-11 dated January 16, 1973, the Oil and Gas Conservation Commission amended Order No. 166-1 as to the lands then included in the Plateau Field, and also extended the Plateau Field limits. First, the order concludes that in the existing drilling units included in the Plateau Field, one well will not efficiently and economically drain a 640-acre drilling unit, and that a maximum of four wells should be permitted on each existing 640-acre drilling unit. The order states that each such well should be in a quarter section according to the government survey, and no closer than 600 feet from the boundaries of the quarter section upon which it is located. Second, the order identifies additional lands as a common source of supply of gas in the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in the Plateau Field, and adds those lands to the Plateau Field. As to the lands added to the Plateau Field, the order establishes 160-acre drilling units consisting of a quarter section of land according to the government survey. The order provides that wells in the lands added to the Plateau Field are to be located no closer than 600 feet from the boundaries of the quarter section upon which the well is located. No portion of the Application Lands is added to the Plateau Field by Cause No. 166, Order No. 166-11.

By Cause No. 166, Order No. 166-13 dated March 17, 1980, the Oil and Gas Conservation Commission extended the limits of the Plateau Field. The order states that the additional lands are subject to the spacing provisions of Order No. 166-11. No portion of the Application Lands is added to the Plateau Field by Cause No. 166, Order No. 166-13.

By Cause No. 166, Order No. 166-14 dated May 8, 1980, as of April 21, 1980, the Oil and Gas Conservation Commission extended the limits of the Plateau Field. The order states that the additional lands are subject to the spacing provisions of Order No. 166-11. No portion of the Application Lands is added to the Plateau Field by Cause No. 166, Order No. 166-14.

By Cause No. 166, Order No. 166-15 dated May 8, 1981 as of April 20, 1981, the Oil and Gas Conservation Commission identifies additional lands as a common source of supply of gas in the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in the Plateau Field, including all of the Application Lands, and extends the limits of the Plateau Field to include the Application Lands. As to the lands added to the Plateau Field by Cause No. 166, Order No. 166-15, including the Application Lands, the order establishes 160-acre drilling units consisting of a quarter section of land for production of gas from the Mesaverde Formation, and provides that the permitted well should be at a location no closer than 600 feet from the boundaries of the drilling unit.

The order also provides that the existing locations for drilling and/or producing wells should be the permitted wells for the units upon which each is located.

By Cause No. 166, Order No. 166-19 dated June 19, 1984, as of May 21, 1984, the Oil and Gas Conservation Commission identified certain drilling units in the Plateau Field, including the drilling units in Section 31 and Section 32 of Township 9 South, Range 94 West, 6<sup>th</sup> P.M. in the Application Lands, as part of a research and development program for production of methane gas from the Cameo Coal Section. The order states that the specified lands should be deleted from the Plateau Field provisions in Order 166-15 and be further exempt from Rule 318 of the rules and regulations of the Commission only as it pertains to the Cameo Coal Section.

## APPLICATION

### III

Subsequent operations of the wells producing from the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in the Application Lands have provided geological and engineering evidence to the effect that in the Application Lands one well producing from the Mesaverde Formation (including the Corcoran Sandstone as its basal member) will not efficiently and economically drain an area of 160 acres. Based upon applicant's analysis of existing data, applicant asserts that up to four wells may be required in each such drilling unit to drain the Mesaverde Formation (including the Corcoran Sandstone as its basal member) efficiently and economically. Applicant requests that, at the option of the operator, three additional wells be permitted to be drilled to and completed in the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in each 160-acre drilling unit in the Application Lands, with the result that up to four wells can be drilled to and completed in the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in each drilling unit in the Application Lands. Applicant alleges that each such drilling unit is not smaller than the maximum area that can be efficiently and economically drained by four wells producing from the Mesaverde Formation (including the Corcoran Sandstone as its basal member), and that the correlative rights of all parties will be protected. Applicant further alleges that the additional wells may be drilled in a manner consistent with the protection of public health, safety and welfare.

### IV

Applicant requests that each well permitted to be drilled to the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in each drilling unit in the Application Lands be located no closer than 600 feet from the boundaries of the drilling unit upon which it is located.

### V

Applicant requests that the existing well location for a drilling and/or producing well in the Application Lands be a permitted well location for the drilling unit upon which the well is located.

### VI

To prevent waste, to protect correlative rights, to ensure the proper and efficient development of the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in the Application Lands, and to ensure the greatest ultimate recovery of gas and associated hydrocarbon substances from the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in the Application Lands, Applicant requests that, after notice and hearing as provided by law, the Commission issue its order providing that, at the option of the operator, four wells may be drilled to and completed in the Mesaverde Formation (including the Corcoran Sandstone as its basal member) in each 160-acre drilling unit in the Application Lands; that each of the four

wells permitted to be drilled to the Mesaverde Formation be located no closer than 600 feet from the boundaries of the drilling unit upon which it is located; and that existing well location for a drilling or producing well in the Application Lands be a permitted location for the drilling unit upon which the well is located.

#### GENERAL PROVISIONS

##### VII

Applicant states that to the best of its information and belief Exhibit A attached to this verified application is the list of the names of owners required to be notified in accordance with Commission Rule 507 covering the Application Lands.

##### VIII

WHEREFORE, Applicant respectfully requests that this matter be set for hearing by the Commission; that notice hereof be given as required by law; and that upon hearing this Commission issue its order granting this application as requested. Applicant further requests that the Commission in its order grant such other provisions as the Commission may find to be necessary or desirable in the cause.

DATED this 19th day of October, 2005

Respectfully submitted,

Laramie Energy, LLC

BY: \_\_\_\_\_  
Carleton L. Ekberg, Esq.  
Poulson, Odell & Peterson, LLC  
1775 Sherman Street, Suite 1400  
Denver, Colorado 80203  
(303) 861-4400

Applicant's Address:  
1512 Larimer Square  
Suite 1000  
Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO        )  
  ) ss.  
COUNTY OF DENVER        )

Brian H. Ary, Vice President of Engineering and Operations of Laramie Energy, LLC, upon oath, deposes and says that he has read the foregoing verified application before the Oil and Gas Conservation Commission of the State of Colorado, and states that the matters contained therein are true to the best of his knowledge and belief.

\_\_\_\_\_  
Brian H. Ary

Subscribed to and sworn to before me this \_\_\_\_\_ day of October, 2005 by Brian H. Ary, Vice President of Engineering and Operations of Laramie Energy, LLC.

(seal)

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

\_\_\_\_\_  
Address

My Commission expires:

\_\_\_\_\_

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