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

IN THE MATTER OF THE APPLICATION OF)
MERITAGE ENERGY PARTNERS, LLC. TO) Cause No.
ESTABLISH DRILLING AND SPACING UNITS IN)
THE WEST PADRONI FIELD, LOGAN COUNTY,) Docket No.
COLORADO)

APPLICATION

Meritage Energy Partners, LLC ("Operator") by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully requests the Colorado Oil & Gas Conservation Commission (the "Commission") establish 20-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Dakota O-Sand formation in the West Padroni Field, which includes the following lands (the "Lands"):

- Township 10 North, Range 52 West, 6th P.M.
Section 31: W/2, SE
- Township 9 North, Range 52 West, 6th P.M.
Section 6: All
- Section 7: N/2N/2, S/2NE
- Township 9 North, Range 53 West, 6th P.M.
Section 1: E/2E/2
- Logan County, Colorado

In support of this application, Operator states as follows:

1. Operator owns all of the leasehold working interests in the Lands, and operates 15 wells, which are the only wells located in the Lands.
2. The Commission has not established drilling and spacing units for the production of oil, gas or associated hydrocarbons from the Dakota O-Sand formation in the Lands. Well locations are subject to Rule 318.
3. Geological and engineering data acquired by Operator indicates the Dakota O-Sand formation underlying the Lands can be efficiently and economically developed by utilizing 20-acre drilling and production units. One well is sufficient to recover gas and associated hydrocarbons from the Dakota O-Sand formations underlying a 20-acre unit. Twenty acres is not smaller than the maximum area that can be efficiently and economically drained by one well.
4. Pursuant to C.R.S. §34-60-116(4) the Commission is authorized to establish spacing units to prevent or assist in preventing waste and the drilling of unnecessary wells. Allowing only one well per 40 acres in the Lands results in the waste of oil, gas or associated hydrocarbons.
5. Operator requests the Commission establish drilling and spacing units of 20 acres, more or less, for production of oil, gas and associated hydrocarbons from the Dakota O-Sand formation underlying the Lands. Each drilling and spacing unit shall consist of the E1/2 and W1/2 or the N1/2 and S1/2 of a quarter-quarter section according to the governmental survey, the unit to be designated by the operator upon drilling the first well in the quarter-quarter section. The permitted well shall be located in the NW/4 and SE/4 of each quarter-quarter section no closer than 200 feet from the boundary of the quarter-quarter-quarter section where the well is located.

6. Operator requests the Commission authorize the Director to grant, without additional notice and hearing, exceptions to the well location rules under this Cause, provided owners of the contiguous and cornering units (or unspaced offset lease) toward which the proposed location would be moved file a waiver or consent in writing, agreeing to said exception. If the operator of a proposed well is also operator of the unit (or unspaced offset lease) toward which the well is proposed to be moved, waivers or consents shall be obtained from the mineral interest owners under such offset lands. If waivers cannot be obtained from all parties, then the operator may apply for a variance under Commission Rule 502.b., or the operator may apply for a Commission hearing on the matter. Existing wells producing from the Dakota O-Sand formation should be considered the permitted wells for the units upon which they are located.


7. Operator believes that granting this application would (1) not be prejudicial to the owners in the Lands; (2) maintain and protect the correlative rights of all parties; (3) prevent or assist in preventing waste; (4) not result in an owner obtaining more than its just and equitable share of production from the pool; and (5) insure that the pool as a whole is efficiently and economically developed.

8. Operator owns all of the working interest in the Lands. There are no unleased mineral owners in the Lands. Operator will provide notice of this application as required by the rules and regulations of the Commission.

WHEREFORE, Operator respectfully requests this matter be set for hearing, that notice be given as required by law, and that upon such hearing the Commission issue an order granting the Application requested herein. Operator further requests that the Commission in its order grant such other provisions as the Commission may find necessary or desirable in this matter.

Respectfully submitted on May 26, 2005

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: 
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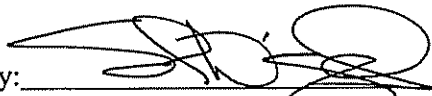
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VERIFICATION

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


Sam D. Winegrad, of lawful age, being first duly sworn upon oath, deposes and says that he is the Manager for Meritage Energy Partners, LLC., that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Meritage Energy Partners, LLC

By: 
Sam D. Winegrad, Manager

Subscribed and sworn to before me this 25th day of May, 2005.

Witness my hand and official seal. :


Notary Public

My commission expires: 2-18-2009

