

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

IN THE MATTER OF THE APPLICATION OF)
PICEANCE ENERGY LLC FOR AN ORDER)
ESTABLISHING ONE APPROXIMATE 160-ACRE)
DRILLING AND SPACING UNIT FOR THE WILLIAMS)
FORK AND ILES FORMATIONS, BUZZARD CREEK)
FIELD, LOCATED IN THE NW/4 OF SECTION 20,)
TOWNSHIP 9 SOUTH, RANGE 93 WEST, MESA)
COUNTY, COLORADO)

CAUSE NO. 369

DOCKET NO. 1305-SP-_____

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 establishing an approximate 160-acre 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, covering certain 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 100% 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 20: NW/4

3. The Application Lands are unspaced with respect to the Williams Fork and Iles Formations.

4. On September 22, 2008, the Commission issued Order No. 369-5 which, among other things, 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 certain lands. The Order further provided that future Williams Fork and Iles Formation wells drilled on the Application Lands would be located downhole anywhere within the Application Lands, but no closer than 100 feet from a lease line or the boundaries of the Application Lands without exception being granted by the Director of the Oil and Gas Conservation 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 Application Lands so abutting or cornering such lands, without exception being granted by the Director of the Oil and Gas Conservation Commission.

5. Order No. 369-5 further provided that wells on the Application Lands shall be drilled from the surface, either vertically or directionally, from no more than one (1) pad located in a given quarter-quarter section (or lots or parcels approximately equivalent thereto), unless exception is granted by the Director of the Oil and Gas Conservation Commission. Finally, the Order provided

that all wells drilled to the Iles Formation shall be drilled only in connection with the drilling of Williams Fork Formation wells. The Application Lands are subject to Order No. 369-5.

6. 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.

7. 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 to establish a spacing unit of approximately 160-acres, consisting of the Application Lands, applicable to the drilling and producing of wells to the Williams Fork and Iles Formations.

8. Piceance requests that such order allow it to drill and complete wells in the requested unit in the density and under the well location rules established by Order No. 369-5.

9. 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.

10. As already established by Order No. 369-5, 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.

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

12. Piceance respectfully requests that the Commission take notice of Order Nos. 369-6 and 369-9 which granted similar relief with respect to the Williams Fork and Iles Formations in nearby lands. A map showing the Application Lands and nearby lands subject to Order Nos. 369-6 and 369-9 is annexed to this Application.

13. 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. Establishing the Application Lands as an approximate 160-acre drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

B. 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. 369-5.

C. 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 28th day of February, 2013.

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@lohfsheiman.com

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

EXHIBIT "A"

TO VERIFIED APPLICATION OF PICEANCE COMPANY

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

Section 20: NW/4

Working Interest Owners and Un-leased Mineral Interests

Applicant:

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

Applicant's Attorney:

J. Michael Morgan, Esq.
Lohf Shaiman Jacobs Hyman & Feiger PC
950 South Cherry Street, Suite 900
Denver, CO 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: Mark Petry

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

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

VERIFICATION


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

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

1. Tom Rutledge, of lawful age, being first duly sworn upon oath, deposes and states that he is Senior Land Manager – Piceance Basin for the Applicant, and he maintains his office at 1512 Larimer Street, Suite 1000, Denver, CO 80202.

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

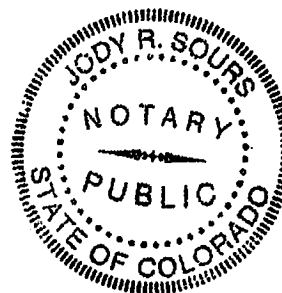
Subscribed and sworn to before me this 28th day of February, 2013.

Witness my hand and official seal.

My commission expires: 6/15/2014



Notary Public



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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:

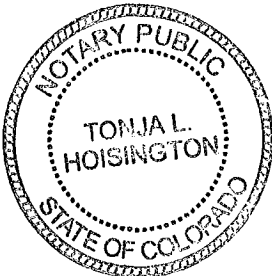
That he is the attorney for Piceance Energy LLC in the above-captioned matter, that on February 28, 2013, and he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on **Exhibit A** to the Application.

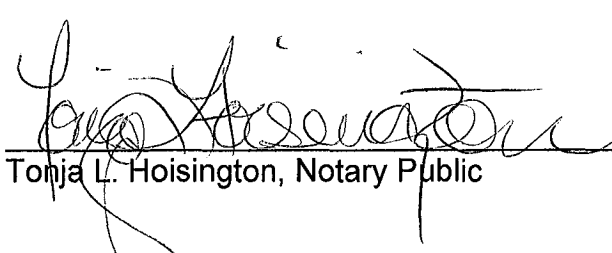


J. Michael Morgan

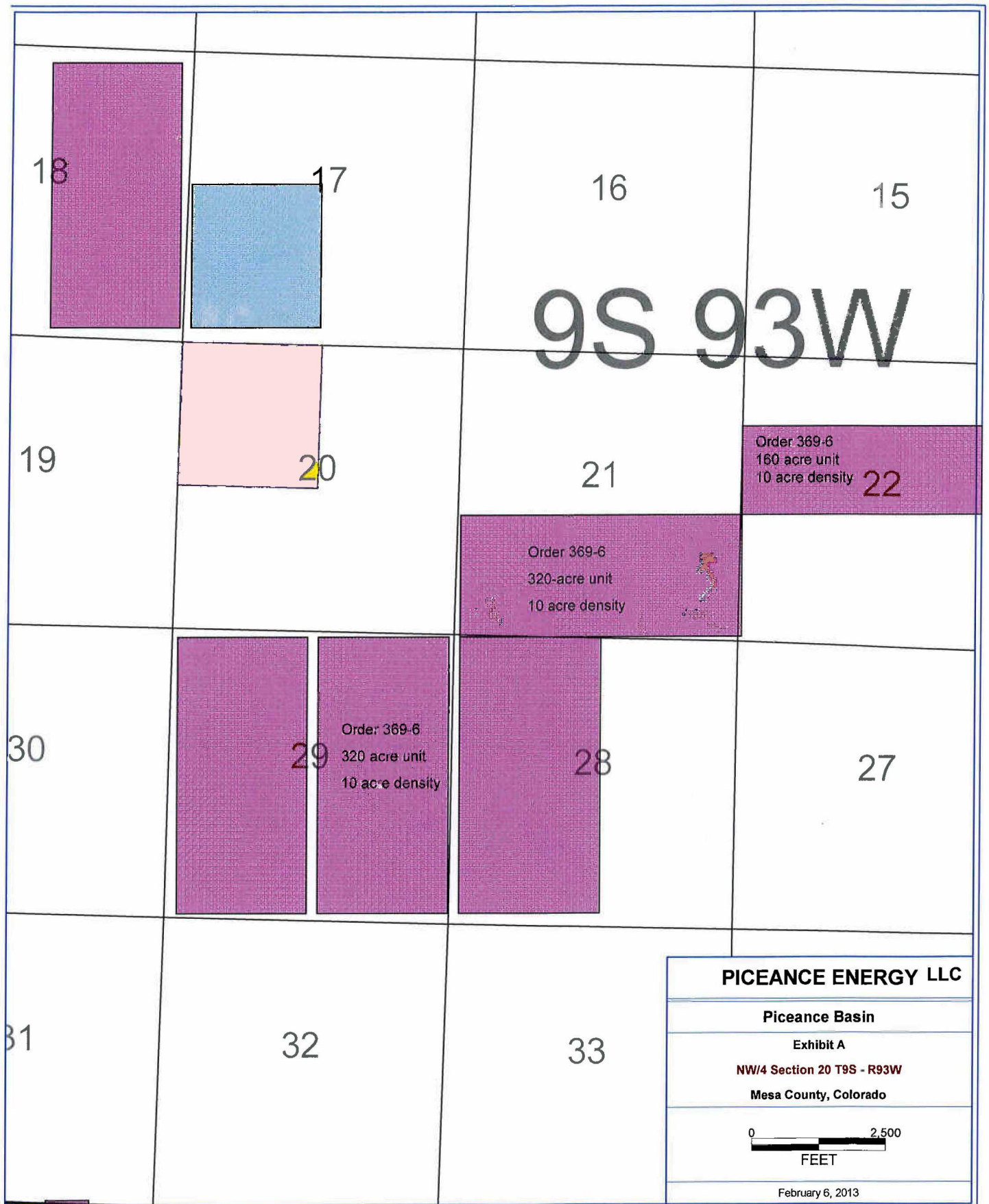
Subscribed and sworn to before me this 28th day of February, 2013.

Witness my hand and official seal.
My commission expires: 09-13-2013





Tonja L. Hoisington, Notary Public



PETRA 2/6/2013 8:46:39 AM Order 369-6; 320 or 160 acre units with 10 acre density

Order 369-9; 160 acre units with 10 acre density