

**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)
VACATING ORDER 429-13 AND ESTABLISHING)
ONE APPROXIMATE 968.02-ACRE DRILLING AND)
SPACING UNIT FOR THE WILLIAMS FORK AND)
ILES FORMATIONS, BUZZARD CREEK FIELD,)
LOCATED IN SECTIONS 19 AND 30, TOWNSHIP 9)
SOUTH, RANGE 93 WEST, MESA COUNTY,)
COLORADO)

CAUSE NO. 429

DOCKET NO. 1404-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 vacating Order 429-13, and establishing an approximate 968.02-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, 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 91.66% of the oil and gas leasehold interests, covering 91.66% of the oil and gas mineral interest in the following lands in Mesa County, Colorado (the "Application Lands"):

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

Section 19: Lot 3(41.16), Lot 4(41.08), E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ (aka S/2)

Section 30: Lot 1 (41.14), Lot 2 (41.33), Lot 3 (41.61), Lot (41.70), W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ (aka All)

3. On December 12, 2007, the Commission issued Order No. 429-6 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 all but the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 30 and all but the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 19 of the Application 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.

4. On February 27, 2011, the Commission issued Order No 429-13, which established an 885.16-acre drilling and spacing unit for the Williams Fork and Iles Formations consisting of the following lands, which are coterminous with the Application Lands with the exception of the

exclusion of the S $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 30 and the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 19 and the inclusion of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 19:

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

Section 19: Lot 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$

Section 30: Lots 1 through 3, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, and E $\frac{1}{2}$

5. The records of the Commission reflect that eight wells have been drilled to or through the Williams Fork or Iles Formations in the Application Lands; the Bruton #30-16B, Bruton #30-02B, Bruton #30-10B, Bruton #30-08B, Bruton #30-06B, Bruton #19-06C, Bruton #19-10C and Bruton #19-14B. These wells were drilled and have been paid on a leasehold basis, which leases are each contiguous with the spacing unit established under Order 429-13. After entry of the requested order, these existing wells will continue to produce and pay on a leasehold basis and thus be unaffected by the requested order.

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 vacating Order 429-13, and establishing an approximately 968.02-acre drilling and spacing unit consisting of the Application Lands, for 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. 429-6.

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 entry of Order No. 429-13, 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. 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 429-13 and establishing the Application Lands as an approximate 968.02-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. 429-6.

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 26th day of February, 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@lohfsheiman.com

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

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. 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 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 25th day of February, 2014.

Witness my hand and official seal.

My commission expires: May 1, 2017



Notary Public

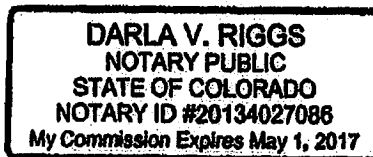


EXHIBIT "A"

TO VERIFIED APPLICATION OF PICEANCE ENERGY, LLC

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

Section 19: Lot 3 (41.16), Lot 4 (41.08), E/2SW/4, SE/4 (aka S/2)

Section 30: Lot 1 (41.14), Lot 2 (41.33), Lot 3 (41.61), Lot 4 (41.70), W/2E/2, E/2 (aka All)

Leasehold and Un-leased Mineral Owners

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

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

Oxy USA, Inc.
P.O. Box 27570
5 Greenway Plaza
Houston, Texas 77046-0506
Attn: Kimberly Evans

**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)
VACATING ORDER 429-13 AND ESTABLISHING)
ONE APPROXIMATE 968.02-ACRE DRILLING AND)
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LOCATED IN SECTIONS 19 AND 30, TOWNSHIP 9)
SOUTH, RANGE 93 WEST, MESA COUNTY,)
COLORADO)

CAUSE NO. 429

DOCKET NO. 1404-SP-_____

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 26, 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 26th day of February, 2014.

Witness my hand and official seal.
My commission expires: 03/05/2015



Sharon Fowle
Sharon Fowle, Notary Public

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

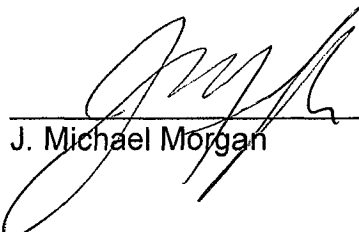
IN THE MATTER OF THE APPLICATION OF)	CAUSE NO. 429
PICEANCE ENERGY, LLC FOR AN ORDER)	
VACATING ORDER 429-13 AND ESTABLISHING)	DOCKET NO. 1404-SP-2042
ONE APPROXIMATE 968.02-ACRE DRILLING AND)	
SPACING UNIT FOR THE WILLIAMS FORK AND)	
ILES FORMATIONS, BRUSH CREEK FIELD,)	
LOCATED IN SECTIONS 19 AND 30, TOWNSHIP 9)	
SOUTH, RANGE 93 WEST, MESA COUNTY,)	
COLORADO)	

SUPPLEMENTAL 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 March 26, 2014, and he caused a copy of the attached Verified Application to be deposited in the United States Mail, postage prepaid, addressed to the additional party listed on **Exhibit A** to the Application.



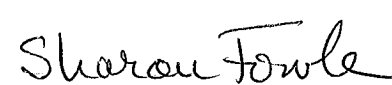
J. Michael Morgan

Subscribed and sworn to before me this 26th day of March, 2014.

Witness my hand and official seal.

My commission expires: 03/05/2015





Sharon Fowle, Notary Public

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Section 30: Lot 1 (41.14), Lot 2 (41.33), Lot 3 (41.61), Lot 4 (41.70), W/2E/2, E/2 (aka All)

Additional Interested Parties:

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