

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

IN THE MATTER OF THE APPLICATION OF)	CAUSE NO. 399
PICEANCE ENERGY, LLC FOR AN ORDER)	
VACATING ORDER 399-6 INsofar AS IT)	DOCKET NO. 1404-SP-_____
ESTABLISHED TWO 320-ACRE UNITS AND)	
ESTABLISHING ONE APPROXIMATE 640-ACRE)	
DRILLING AND SPACING UNIT FOR THE WILLIAMS)	
FORK AND ILES FORMATIONS, BUZZARD CREEK)	
FIELD, LOCATED IN SECTION 29, TOWNSHIP 9)	
SOUTH, RANGE 93 WEST, MESA COUNTY,)	
COLORADO	

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 399-4 insofar as it established two 320-acre drilling and spacing units, and the application to approve one approximate 640-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 95% 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 29: All

3. On March 30, 2009, the Commission issued Order No. 399-6 which, among other things, established the E½ and W½ of the Application Lands as separate 320-acre drilling and spacing units for the Williams Fork and Iles Formations. The Order also authorized the equivalent of one (1) well per 10 acres for production of oil, gas and associated hydrocarbons from said Formations. 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 June 1, 2010, the Commission issued Order No. 399-7 which, among other things, provided that wells on the Application Lands shall be drilled on the surface of the

Application Lands from no more than three (3) pads, and ground disturbing activities shall be restricted to no more than one (1) well site during the period January 1 to March 31 in any year. The Order also provides that the operator shall comply with other applicable requirements of the 1200-Series Rules including, without limitation, Rule 1203 (General Operating Requirements in Sensitive Wildlife Habitat and Restricted Surface Occupancy Areas); Rule 1204 (Other General Operating Requirements); and Rule 1205 (Requirements in Restricted Surface Occupancy areas).

5. 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.

6. 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 399-6 insofar and only insofar as it establishes two 320-acre drilling and spacing units in the Application Lands, and establishing an approximately 640-acre drilling and spacing unit consisting of the Application Lands, for the drilling and producing of wells to the Williams Fork and Iles Formations.

7. Piceance requests that such order allow it to drill and complete wells in the requested unit in the density and under the well location and operating rules established by Orders No. 399-6 and 399-7.

8. 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.

9. As already established by Order No. 399-6, 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.

10. Under the conditions established by Order No. 399-7, the proposed wells can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

11. 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 399-6, insofar and only insofar as it establishes two 320-acre drilling and spacing units in the Application Lands for the drilling and producing of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

B. Establishing the Application Lands as an approximate 640-acre drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.

C. Providing that the density, location and operation of wells drilled to the Williams Fork and Iles Formations in said unit shall be under the rules established by Order Nos. 399-6 and 399-7.

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@lohfshaiman.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.

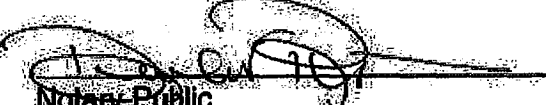


Tom Rutledge

Subscribed and sworn to before me this 25th day of February, 2014.

Witness my hand and official seal.

My commission expires: May 01, 2017



Notary Public

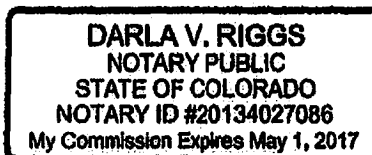


EXHIBIT "A"

TO VERIFIED APPLICATION OF PICEANCE ENERGY, LLC

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

Section 29: 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

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

Encana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attn: Richard Champion

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

**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 399-6 INsofar AS IT)
ESTABLISHED TWO 320-ACRE UNITS AND)
ESTABLISHING ONE APPROXIMATE 640-ACRE)
DRILLING AND SPACING UNIT FOR THE WILLIAMS)
FORK AND ILES FORMATIONS, BUZZARD CREEK)
FIELD, LOCATED IN SECTION 29, TOWNSHIP 9)
SOUTH, RANGE 93 WEST, MESA COUNTY,)
COLORADO)

CAUSE NO. 399

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.



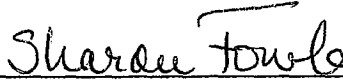
J. Michael Morgan

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, Notary Public

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

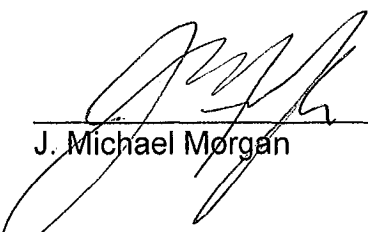
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VACATING ORDER 399-6 INsofar AS IT)	DOCKET NO. 1404-SP-2044
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DRILLING AND SPACING UNIT FOR THE WILLIAMS)	
FORK AND ILES FORMATIONS, VEGA FIELD,)	
LOCATED IN SECTION 29, TOWNSHIP 9 SOUTH,)	
RANGE 93 WEST, MESA COUNTY, COLORADO)	

SUPPLEMENTAL AFFIDAVIT OF MAILING

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

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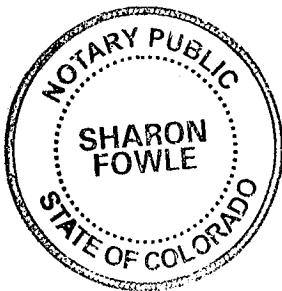


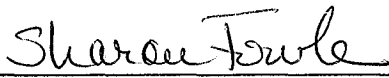
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Sharon Fowle, Notary Public

EXHIBIT "A"

TO VERIFIED APPLICATION OF PICEANCE ENERGY, LLC

Township 9 South, Range 93 West, 6th P.M.
Section 29: All

Additional Interested Parties:

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