

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

IN THE MATTER OF THE APPLICATION OF
BLACK RAVEN ENERGY, INC. FOR AN ORDER
GRANTING A VARIANCE TO ORDER NO. 1-186

Cause No. 1

Docket No. *To be assigned*

APPLICATION

Black Raven Energy, Inc., a subsidiary of EnerJex Resources, Inc. (Operator No. 10203) ("BRE" or "Applicant"), by and through its undersigned attorneys, respectfully submits this Application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("COGCC" or "Commission") for a limited order to modify certain requirements of Order No. 1-186 for the year 2015. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
2. Applicant owns and operates certain inactive wells within the Adena Field, listed on Schedule I attached hereto.
3. On or about March 17, 2014, the Commission entered Order No. 1-186 which, among other things, required Applicant to plug and abandon, return to production, convert to injection or otherwise complete for the purpose of enhanced oil recovery, twenty (20) wells per calendar year starting in 2014, through 2018. Order No. 1-186 applies to the wells listed on Schedule I.
4. Applicant is currently in compliance with the provisions of Order No. 1-186 for the year 2014, as acknowledged by COGCC staff in the June 29, 2015 letter, attached hereto as Exhibit A.
5. As a result of prevailing economic conditions, it is no longer economically practicable for Applicant to comply with certain portions of Order No. 1-186, namely the requirements set forth in paragraph 3 of this Application.
6. COGCC staff has further acknowledged the current economic infeasibility for compliance with certain provisions of Order No. 1-186. See Exhibit A.
7. On February 19, 2015, Applicant met with COGCC staff to further discuss possible modification to Order No. 1-186 based on current economic conditions. As outlined in Exhibit A, COGCC staff recommended, among other things, that Order No. 1-186 be modified for the year 2015 to waive the requirement that BRE return to active status or plug and abandon twenty (20) wells.
8. Pursuant to Rule 502.b.(1), Applicant requests the Commission grant a variance to certain portions of Order No. 1-186, as recommended by the COGCC staff in the June 29, 2015 letter. See Exhibit A. Specifically, Applicant requests the Commission approve the following modifications to Order No. 1-186 for the year 2015:

- a. Applicant must perform mechanical integrity tests ("MIT" or "MITs") on twenty-eight (28) wells. If any well fails an MIT, the well is to be repaired or plugged, as soon as practicable;
- b. The requirement to return to active status or plug and abandon twenty (20) wells shall be waived for the year 2015; and
- c. If BRE fails to successfully complete the required MITs, as outlined in subparagraph (a) above, BRE will be required to increase its financial assurance for excess inactive wells, as further outlined in Exhibit A.

9. Applicant states that the remaining provisions of Order No. 1-186 shall not be modified by this request.

10. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §§34-60-101, *et seq.*, C.R.S., and the Commission rules.

11. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

12. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

DATED this 27 day of August, 2015.

Respectfully submitted,

BLACK RAVEN ENERGY, INC.

By: 

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Beatty & Wozniak, P.C.

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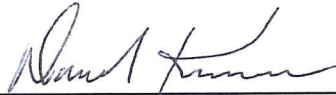
Lakewood, CO 80228

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

David Kunovic, Executive Vice President of Exploration for EnerJex Resources, Inc., on behalf of Black Raven Energy, Inc., its wholly-owned subsidiary, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

BLACK RAVEN ENERGY, INC.



David Kunovic
Executive Vice President

Subscribed and sworn to before me this 26 day of August, 2015, by David Kunovic, Executive Vice President of Exploration for EnerJex Resources, Inc., on behalf of Black Raven Energy, Inc., its wholly-owned subsidiary

Witness my hand and official seal.

My commission expires: 7/24/17



Notary Public

<p>TYLER J SWANSON NOTARY PUBLIC - STATE OF COLORADO Notary Identification # 20134047757 My Commission Expires 7/24/2017</p>

IN THE MATTER OF THE APPLICATION OF
BLACK RAVEN ENERGY, INC. FOR AN ORDER
GRANTING A VARIANCE TO ORDER NO. 1-186

Docket No. *To be assigned*

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

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for Kerr-McGee Oil & Gas Onshore LP, and on or before September 3, 2015, caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B to the Application.

Chanda Thomsen

Subscribed and sworn to before me this 27 day of August, 2015.

ANGELA V. TRIBOLET
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134073018
MY COMMISSION EXPIRES NOVEMBER 20, 2017

Notary Public

EXHIBIT A



COLORADO Oil & Gas Conservation Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

June 29, 2015

David Kunovic
EnerJex Resources
165 S. Union Blvd. Suite 410
Lakewood, CO 80228

Re: COGCC Order No. 1-186 Adena Field by Black Raven Energy

Mr. Kunovic,

The Commission approved Order Number 1-186 (Order) granting Black Raven Energy (BRE) a variance from Rule 707 financial assurance requirements for excess inactive wells and Rule 326.b. temporary abandonment in the Adena Field on March 17, 2014. The Order requires BRE to: (1) plug and abandon, (2) return to production, (3) convert to injection, or (4) otherwise complete for the purpose of enhanced oil recovery, 20 wells per calendar year in 2014 through 2018 or increase the financial assurance by \$20,000 for a count less than 20 wells in a calendar year. BRE was further required to conduct bradenhead tests on all wells and take water well samples in the Adena Field.

Evaluation of 2014 Annual Report

BRE submitted an annual written report to COGCC Staff for all work completed in 2014, on January 29, 2015. The BRE report indicates that BRE is currently in compliance with the Order.

Excess Inactive Wells:

As of the 2014 Annual Report, there are 157 total wells within the field (30 producing, 21 injecting, and 106 Shut-In or Temporarily Abandoned). One injection well was plugged and abandoned. Nineteen wells were reactivated (7 injection wells and 12 oil & gas wells). This totals 20 wells removed from the excess inactive wells inventory.

Bradenhead Testing:

Bradenhead tests were performed on all of the inactive wells and each well was set up for annual testing. The Bradenhead test results were submitted before year-end 2014. No well showed excessive pressures and, therefore, all wells passed the test.

Water Well Sampling:

Ten (10) permitted water sources in the Adena J Sand Unit area were selected to be sampled by the COGCC staff. Subsequent research, site visits, and interviews with landowners and well owners

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Commissioners: Thomas L. Compton - Chairman, Richard Alward, John H. Benton, DeAnn Craig,
James W. Hawkins, Tommy Holton, Andrew L. Spielman, Mike King, Dr. Larry Wolk

John W. Hickenlooper, Governor | Mike King, Executive Director, DNR | Matthew J. Lepore, Director



reduced the number of suitable water wells available for sampling to five. The five available wells were set up for annual testing and the results from the first year of testing have been provided to the COGCC. No collected samples showed impacts from oil and gas activities.

Miscellaneous Activities:

BRE performed additional work in the Adena field during 2014 that was not required by the Order, but which demonstrates BRE's proactive stewardship of the field. BRE continues to work on the maintenance and general upkeep of the field facilities, and spent a significant amount of money to upgrade or replace pipelines. Additionally, BRE upgraded and modified the water injection facility. Work performed by BRE in the Adena Field during 2014 included:

- 1) Replaced approximately eight miles of the primary flowline that connects all J Sand Unit wells with the Water Plant where oil, gas and water are processed prior to re-injection. The new flowline is 8 inch diameter steel.
- 2) Replaced the primary flowline from the 5,000 bbl water storage tank that runs to the injection pumps.
- 3) Designed and installed a new water injection filter system.
- 4) Conducted general maintenance of well sites and tank batteries, including mowing, weed control, and painting.
- 5) Performed successful mechanical integrity tests (MIT) on 13 wells.

2015 Plan

COGCC and BRE met on February 19, 2015. On February 20, 2015, BRE requested certain modifications to the Order for calendar year 2015.

Due to the current commodity price, BRE proposes to perform MITs on a minimum of 20 inactive wells in lieu of the current requirement to reactivate, recompleat or plug and abandon 20 wells for 2015 only. They will perform all required domestic water well annual sampling and bradenhead testing for 2015.

COGCC staff acknowledges that complying with the Order in 2015 under prevailing economic conditions (current oil price in the range of \$50 per barrel versus \$100/bbl last year) would be an economic infeasibility for BRE. Further, staff believes much of the work BRE performed in 2014 that was not required by Order No. 1-186 will enhance the future productive life of the Adena Field. BRE's work to replace and upgrade eight miles of flowlines is also consistent with the COGCC's "Risk-Based Inspections: Strategies to Address Environmental Risk Associated with Oil and Gas Operations" ("Study"), which identified flowline failures as a frequent cause of spills and releases.

For the reasons stated above, COGCC staff will recommend the following modifications to Order No. 1-186, to apply for 2015 only:

- 1) Perform mechanical integrity tests on 28 wells. If any well fails an MIT, the well is to be repaired or plugged, as soon as practical. Conducting MITs on 28 wells will keep BRE on pace to eliminate the MIT backlog on the 5 year plan ending 2018, which addresses Rule 326.b.

The number of wells for which MITs are to be performed was calculated by dividing 81 inactive oil & gas production wells overdue for MITs by 4 years, plus eight injection wells for which MIT's are due in 2015.

- 2) COGCC staff recommends waiving the requirement to either return to active status or plug and abandon a total of 20 wells for 2015 only, contingent upon BRE performing the MIT work described in number 1) above during 2015.
- 3) If BRE fails to successfully complete the required MITs in 1) above, BRE will be required to increase its financial assurance for excess inactive wells by \$20,000 multiplied by the difference between 28 and the total number of wells it MIT'd, plugged and abandoned, returned to production, converted to injection or otherwise completed for the purpose of enhanced oil recovery. The maximum increased bonding would be \$560,000 ($=28 \times 20k$). Any increase in financial assurance required under this provision will be submitted to the COGCC by February 1, 2016.

These proposed modifications to the requirements of Order No. 1-186 will be valid for 2015 only. Absent a second approved variance from the Commission, the original requirements of Order No. 1-186 will resume with full force and effect in 2016.

All requirements of the Order not expressly modified by the Commission will remain in full force and effect (annual report, bradenhead testing and water well sampling).

If you desire further clarification, please feel free to contact me at 303-894-2100.

Stuart M. Ellsworth, P.E.
Engineering Manager

EXHIBIT B

INTERESTED PARTIES

MORGAN COUNTY LGD:

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BLACK RAVEN ENERGY, INC. #10203

SCHEDULE 1 - ADENA INACTIVE WELL LIST - COGCC 2015

API Number	Well Name	#	Qtr. Qtr.	Sec.	Twp.	Range	Well Status
087-60009	ADENA J SAND UNIT	W-23	SESE	18	1N	57W	SI
087-05264	ADENA J SAND UNIT	W-43	SWSW	18	1N	57W	SI
087-05174	ADENA J SAND UNIT	W-37	SWSW	19	1N	57W	SI
087-05120	ADENA J SAND UNIT	W-40	SWNE	25	1N	58W	SI
087-05072	ADENA J SAND UNIT	W-35	SESE	29	2N	57W	SI
087-05542	ADENA J SAND UNIT	W-53	SWNE	31	2N	57W	SI
087-60012	ADENA J SAND UNIT	W-3	SWSW	33	2N	57W	SI
087-05337	COEN, M E	8	SESE	12	1N	58W	TA
087-60008	ADENA J SAND UNIT	W-21	NESE	18	1N	57W	TA
087-60024	ADENA J SAND UNIT	W-22	NESE	18	1N	57W	TA
087-05250	ADENA J SAND UNIT	W-24	NENE	19	1N	57W	TA
087-05208	ADENA J SAND UNIT	W-26	SWNE	19	1N	57W	TA
087-60025	ADENA J SAND UNIT	W-27	NWSE	19	1N	57W	TA
087-60026	ADENA J SAND UNIT	W-28	SESW	19	1N	57W	TA
087-05148	ADENA J SAND UNIT	W-39	NENE	25	1N	58W	TA
087-05611	ADENA J SAND UNIT	W-55	NWSW	29	2N	57W	TA
087-05608	ADENA J SAND UNIT	W-56	NWSE	29	2N	57W	TA
087-60011	ADENA J SAND UNIT	W-29	NENW	30	1N	57W	TA
087-05623	TIMPE	1	SENE	30	2N	57W	TA
087-05529	ADENA J SAND UNIT	W-1	NWSW	33	2N	57W	TA
087-05553	ADENA J SAND UNIT	W-31	SWNW	33	2N	57W	TA
087-60020	ADENA J SAND UNIT	W-14	NWSW	8	1N	57W	TA
API Number	Well Name	#	Qtr. Qtr.	Sec.	Twp.	Range	Well Status
087-05416	GLENN	H-1	SWSE	4	1N	57W	SI
087-05457	GLENN-STEPHENSON	2	SWNE	5	1N	57W	SI
087-05468	O'NEILL, C H	1	NWNW	5	1N	57W	SI
087-05475	O'NEILL, C H	3	NENW	5	1N	57W	SI
087-05411	GEYER, HARRY	B-2	SWSW	5	1N	57W	SI
087-05461	DAVIS, R Y	2	NENE	6	1N	57W	SI
087-05441	DAVIS, R Y	5	SENE	6	1N	57W	SI
087-05469	GEYER, HARRY	A-6	NWNW	6	1N	57W	SI
087-05426	GEYER, HARRY	A-7	NWSW	6	1N	57W	SI
087-05440	GEYER, HARRY	A-9	NESW	6	1N	57W	SI
087-05412	AJU GLENN	F-2	SESE	6	1N	57W	SI
087-05356	HOUGH, R M	B-5	NWSE	7	1N	57W	SI
087-05376	HOUGH, R M	B-7	SENE	7	1N	57W	SI

087-05394	VERONICA SCOTT	1	NWNW	8	1N	57W	SI
087-05369	GLENN	G-1	NWSE	9	1N	57W	SI
087-05319	STATE OF COLORADO	C-3	NWNE	18	1N	57W	SI
087-05324	LAUGHLIN, R J	3	NENW	18	1N	57W	SI
087-05322	LAUGHLIN, R J	5	NWNW	18	1N	57W	SI
087-05303	LAUGHLIN, R J	6	SWNW	18	1N	57W	SI
087-05285	LAUGHLIN, R J	7	NESW	18	1N	57W	SI
087-05302	LAUGHLIN, R J	8	SENW	18	1N	57W	SI
087-05257	SCRITSMIER, A B	5	SESW	18	1N	57W	SI
087-05466	AJU GEYER	C1	NENE	1	1N	58W	SI
087-05414	PEIF, R	2	SESE	1	1N	58W	SI
087-05432	PEIF, R	3	NESE	1	1N	58W	SI
087-05447	PEIF, R	4	SENE	1	1N	58W	SI
087-05443	PEIF* R	5	SENE	1	1N	58W	SI
087-05361	COEN, M E	1	NWSE	12	1N	58W	SI
087-05399	COEN, M E	5	NENE	12	1N	58W	SI
087-05375	COEN, M E	6	SENE	12	1N	58W	SI
087-05360	COEN, M E	7	NESE	12	1N	58W	SI
087-08100	ADENA J SAND UNIT	13-59	SWSE	13	1N	58W	SI
087-05267	CLAR, L	5	SWSW	13	1N	58W	SI
087-05259	CLAR	B-1	SWSE	13	1N	58W	SI
087-05260	CLAR, L	7	SESE	14	1N	58W	SI
087-05289	FLB	1	NESE	14	1N	58W	SI
087-05284	FLB	2	NWSE	14	1N	58W	SI
087-05232	DEWEY	5	NWNE	23	1N	58W	SI
087-05211	DEWEY	6	SENE	23	1N	58W	SI
087-05185	DEWEY	2	NESW	24	1N	58W	SI
087-05218	DEWEY	3	SWNW	24	1N	58W	SI
087-05176	DELANEY	1	SESW	24	1N	58W	SI
087-05248	NICHOLS	2	NWNE	24	1N	58W	SI
087-05206	NICHOLS	3	SWNE	24	1N	58W	SI
087-05234	NICHOLS	4	NENE	24	1N	58W	SI
087-05172	NICHOLS	8	SWSE	24	1N	58W	SI
087-05225	NICHOLS	11	SWNE	24	1N	58W	SI
087-05145	GOEDERT, MJ	2	NENW	25	1N	58W	SI
087-05147	GOEDERT, M J	3	NWNW	25	1N	58W	SI
087-05144	SCANLON, J L	1	NWNE	25	1N	58W	SI
087-05124	SCANLON, J L	2	SENW	25	1N	58W	SI
087-05610	GLENN	I-3	NESE	30	2N	57W	SI
087-05605	GLENN	I-4	NWSE	30	2N	57W	SI
087-05624	TIMPE	2	SWNE	30	2N	57W	SI
087-05543	AJU GLENN	J2	SWNW	31	2N	57W	SI
087-05492	AJU GLN-BDL	B06	SESE	31	2N	57W	SI
087-05502	AJU GLN-BDL	B13	SESE	31	2N	57W	SI
087-05486	AJU GLN-BDL	C09	SESW	31	2N	57W	SI
087-05511	GLENN-BIDDLE	B-3	NESE	31	2N	57W	SI
087-05508	GLENN-BIDDLE	B-5	NWSE	31	2N	57W	SI

087-05491	GLENN-BIDDLE	B-7	SWSE	31	2N	57W	SI
087-05510	GLENN-BIDDLE	C-8	NESW	31	2N	57W	SI
087-05484	GLENN-BIDDLE	C-11	SWSW	31	2N	57W	SI
087-05509	GLENN-BIDDLE	C-12	NWSW	31	2N	57W	SI
087-05505	GLENN	E-1	SESE	32	2N	57W	SI
087-05528	GLENN	E-2	NWSE	32	2N	57W	SI
087-05516	GLENN, HOWARD	E-3	SWSE	32	2N	57W	SI
087-05527	GLENN	E-4	NESE	32	2N	57W	SI
087-05494	GLENN-BIDDLE	A-10	SESW	32	2N	57W	SI
087-05512	STATE OF COLORADO	A-1	NESE	36	2N	58W	SI
087-05489	STATE OF COLORADO	A-2	SWSE	36	2N	58W	SI
087-05487	STATE OF COLORADO	B-2	SESE	36	2N	58W	SI
087-05298	AJU CLAR	A3	SWNE	13	1N	58W	SI
087-05474	GLENN-STEPHENSON	1	NWNE	5	1N	57W	TA
087-05446	O'NEILL, C H	2	SWNW	5	1N	57W	TA
087-05442	DAVIS, R Y	6	SWNE	6	1N	57W	TA
087-05392	GLENN	B-1	NWNW	9	1N	57W	TA
087-05320	AJU HJ CLAR	A2	NWNE	13	1N	58W	TA
087-05258	HD CLAR	B2	SESE	13	1N	58W	TA
087-60028	NICHOLS	5	SENE	24	1N	58W	TA
087-05191	NICHOLS	6	NESE	24	1N	58W	TA
087-05122	SCANLON, J L	5	SWNW	25	1N	58W	TA
087-05583	AJU GLN-BDL	D01	SESW	29	2N	57W	TA
087-05559	GLENN	J-4	NWNW	31	2N	57W	TA
087-05513	GLENN-BIDDLE	A-2	NWSW	32	2N	57W	TA
087-05547	GLENN-WALSH	2	SWNE	32	2N	57W	TA