



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

IN THE MATTER OF THE APPLICATION OF)
LARAMIE ENERGY II, LLC TO ESTABLISH) CAUSE NO. 139
AN 80-ACRE SPACING UNIT IN AND POOL)
NON-CONSENTING WORKING INTEREST) DOCKET NO. 1001-UP-05
OWNERS IN GARFIELD COUNTY, COLORADO)

REQUEST FOR DIRECTOR APPROVAL OF APPLICATION ON THE MERITS
OF A VERIFIED APPLICATION AND SUPPORTING EXHIBITS

Pursuant to Rule 511.b, Laramie Energy II, LLC ("Applicant") by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully requests the Colorado Oil & Gas Conservation Commission ("Commission") approve Applicant's application on the basis of its verified application and the exhibits referenced in this Request, and enter an order establishing an 80 acre spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork formation as requested by Applicant in this matter, based upon the following:

1. The spacing order requested by Applicant would be applicable to wells drilled to and producing from the Williams Fork formation of the Mesa Verde Group in the following lands ("Application Lands"):

Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4
Containing 80 acres, more or less
Garfield County, Colorado

2. Applicant owns leasehold interests in all of the Application Lands.

3. By Order 139-76, the Commission established a drilling density equal to one well per 10 acres for the production of oil, gas or associated hydrocarbons from the Williams Fork formation in the Lands. The Commission also ordered that Williams Fork wells be drilled downhole no closer than 100 feet from the lease line or unit boundary, unless such boundary abuts or corners lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells. Where Application Lands abut or corner lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells, Williams Fork wells shall be located downhole no closer than 200 feet from that portion of the boundary which abuts or corners lands for which 10 acre density has not been ordered by the Commission for the Williams Fork formation. The Commission did not establish spacing units for the Lands.

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. Geological and engineering data acquired by Applicant indicates

the Williams Fork formation underlying the Lands can be efficiently and economically developed utilizing an 80-acre production unit.

5. Applicant requests the Commission establish an 80-acre spacing unit for the Williams Fork formation underlying the Application Lands and incorporate the requirements set forth in Order 139-76 as they pertain to the density and location of wells within the proposed spacing unit.

6. Applicant requests the Commission authorize the Director of the Commission, without additional notice and hearing, grant exceptions to well locations for good cause shown (including but not limited to surface owner requests) provided a waiver is obtained from the lease owner toward whom the well location is proposed to be moved. If a waiver cannot be obtained, then Applicant requests that the well operator be authorized to apply to the Director of the Commission for a variance.

7. The original application in this matter included a request to force pool non-consenting interest owners for development and operation of wells drilled to and producing from the Williams Fork formation, in accordance with the terms of C.R.S. §34-60-116(6), (7) and (8). More than thirty (30) days prior to the date of hearing on this Application, Applicant sent the other parties (a) an authorization for expenditure ("AFE") containing information regarding this well as required by Commission Rule 530.a and (b) a joint operating agreement ("JOA") defining respective rights and obligations of the working interest owners.

8. Subsequent to filing its application, Applicant has reached agreements with the other interest owners, so there is no longer any need to enter an order pooling interests in the proposed 80-acre spacing unit.

9. Applicant believes its proposed well spacing order (1) will allow more efficient drainage of the Williams Fork formation, (2) will not promote waste, (3) will not violate correlative rights and (4) will assure the greatest ultimate recovery of gas and associated substances from the reservoir.

10. Attached are verified statements of Mark R. Petry, Vice President of Business Development for Applicant, Mark G. King, Senior Geologist of Applicant, and Robert G. Hea, Vice President of Engineering and Operations for Applicant, all submitted in support of this Application.

11. Applicant requests the Director to recommend approval of the Verified Application in this matter on the basis of the Verified Application and the supporting evidence filed with the Commission.

Dated December 28, 2009

Respectfully submitted

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: Stephen J. Sullivan

Stephen J. Sullivan
821 17th Street, Suite 500
Denver, CO 80202
Telephone: 303-830-2500
Facsimile: 303-832-2366
ssullivan@wsmtlaw.com

SUMMARY OF TESTIMONY
Section 8: S2SW, T7S-R93W
Cause No. 139, Docket No. 1001-UP-05

Land

- Laramie Energy II, LLC owns a working interest under the application lands. The total acreage of the application lands is 80 acres in Section 8, Township 7 South, Range 93 West, 6th P.M., Garfield County, Colorado.
- The application filed by Laramie Energy II, LLC was served by mail to all of the mineral owners and working interest owners within the application area. These applications were sent by first-class U.S. Mail, postage prepaid, on November 23, 2009, more than 30 days prior to the date protests or interventions are due for the Commission's hearing on January 11-12, 2010.
- The application served by Laramie Energy II, LLC upon all mineral owners and working interest owners within the application area included a proposed joint operating agreement and authorization for expenditure for wells proposed to be drilled by Laramie Energy II, LLC on the application lands.
- Laramie Energy II, LLC has not been advised and is not aware of any protests to this application.

Geology

- Previous testimony to the Commission, based upon log studies, completion and reservoir engineering studies, outcrops and other information, indicates the Williams Fork formation underlying the application lands and surrounding lands approved for 10-acre density consists of sand bodies that are highly discontinuous, with mean sand widths identified from outcrop studies of 526 feet.
- Previous testimony and Applicant's studies indicate wells drilled on a 10-acre density (wellbores located approximately 660 feet apart) will statistically not encounter the same sand bodies and will produce gas from sand bodies not encountered in adjacent wells.
- The discontinuous nature of the Williams Fork formation is found throughout the Piceance Basin and is consistent with the commonly accepted geological interpretation of point bar deposits with lateral accretion surfaces which act as internal baffles and barriers to flow.

- From a geological standpoint, there is nothing that differentiates the application lands from the surrounding lands approved for 10-acre density.

Engineering

- Previous testimony to the Commission concerning the Williams Fork formation have supported orders establishing 10-acre density for production from the Williams Fork formation in lands to the north, east, south and west of the application lands. From a reservoir engineering standpoint, there is nothing that differentiates the application lands from the surrounding lands approved for 10-acre density.
- Based upon a Williams Fork type curve analysis for the application lands, the expected ultimate recovery for a typical well in the application lands is 581 MMcf and a typical well would drain six acres.
- Applicant's economic analysis for a typical well, using estimated drilling and completion costs of \$1,800,000 and current pricing of \$5 per MMBtu indicates that wells drilled on 10-acre densities would be commercial, yielding greater than a 10% rate of return and a positive net present value when discounted at 10%.

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

IN THE MATTER OF THE APPLICATION OF)
LARAMIE ENERGY II, LLC TO ESTABLISH) CAUSE NO. 139
AN 80-ACRE SPACING UNIT IN AND POOL)
NON-CONSENTING WORKING INTEREST) ORDER NO. 139-
OWNERS IN GARFIELD COUNTY, COLORADO)

REPORT OF THE COMMISSION

This cause came on for hearing before the Commission at 9:00 a.m. on January 11, 2010, in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, for an order establishing a spacing unit for the Williams Fork formation in the application lands, and pooling all non-consenting interests for the drilling and completion of wells drilled in the Williams Fork formation in the proposed spacing unit. The order would allow Williams Fork wells to be drilled downhole no closer than 100 feet from the outside boundary of the application lands, unless such boundary abuts or corners lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells. Where the application lands abut or corner lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells, then the order would provide that Williams Fork wells shall be located downhole no closer than 200 feet from that portion of the boundary which abuts or corners lands for which 10-acre density has not been ordered by the Commission for the Williams Fork formations.

FINDINGS

The Commission finds as follows:

1. Laramie Energy II, LLC ("Applicant"), as applicant herein, is an interested party in the subject matter of the above-referenced hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate this order pursuant to the Oil and Gas Conservation Act.
4. By Order 139-76, dated August 15, 2007, the Commission established an allowable drilling density of the equivalent of one (1) well per 10 acres for the production of oil, gas or associated hydrocarbons from the Williams Fork formation in the following lands:

Township 7 South, Range 93 West, 6th P.M.
Section 8: S2SW
Containing 80 acres, more or less
Garfield County, Colorado

The permitted wells were to be located no closer than 100 feet from the lease line for Williams Fork Formation wells unless such boundary abuts or corners lands where the Commission has not granted the right to drill 10-acre density wells, in which event the Williams Fork formation wells drilled on the Application Lands shall be drilled downhole no closer than 200 feet from the portion of the boundary which abuts or corners lands where 10-acre density has not been authorized by the Commission. The Commission did not establish spacing units for the application lands.

5. On November 23, 2009, Applicant, by its attorney, filed with the Commission a verified application for an order to establish spacing units for the application lands and force pool any non-consenting interests in the proposed spacing unit.

6. On December 29, 2009, Applicant, by its attorney, filed with the Commission a written request to approve the application based on the merits of the verified application and the supporting exhibits. Sworn written testimony and exhibits were submitted in support of the application.

7. Testimony and exhibits submitted in support of the application showed that the application lands contain 80 acres of land. Additional testimony indicated that Applicant owns leasehold interests in the application lands.

8. Testimony and exhibits submitted in support of the application indicated that, based upon the geologic model, 10-acre density drilling is necessary to maximize production of oil and gas from the Williams Fork formation underlying the application lands.

9. Testimony and exhibits submitted in support of the application indicated that calculations of gas in the Williams Fork formation showed that ten-acre density drilling is necessary to maximize production of the resource and will produce substantial incremental gas reserves.

10. Testimony and exhibits submitted in support of the application indicated that, More than thirty (30) days prior to the date of hearing on this Application, Applicant sent other owners an authorization for expenditure containing information regarding this well as required by COGCC Rule 530.a, and Applicant also sent other owners a joint operating agreement to set forth and control the respective rights and obligations of working interest owners.

11. Testimony and exhibits submitted in support of the application indicated that, subsequent to filing its application, Applicant has reached agreements with the other interest owners, so there is no longer any need to enter an order pooling interests in the proposed 80-acre spacing unit.

12. Applicant agreed to be bound by oral order of the Commission.

13. Based on the facts stated in the verified application, having received no protests, and based on the Hearing Officer review of the application under Rule 511.b., the Commission should enter an order establishing an 80-acre spacing unit covering the application lands.

ORDER

NOW, THEREFORE, IT IS ORDERED, that the application lands shall be established as an 80-acre spacing unit for production of oil, gas and associated hydrocarbons from the Williams Fork formation in the following lands:

Township 7 South, Range 93 West, 6th P.M.
Section 8: S2SW
Containing 80 acres, more or less
Garfield County, Colorado

IT IS FURTHER ORDERED THAT Williams Fork wells be drilled downhole no closer than 100 feet from the outside boundary of the application lands, unless such boundary abuts or corners lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells. Where the application lands abut or corner lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork wells, then Williams Fork wells shall be located downhole no closer than 200 feet from that portion of the boundary which abuts or corners lands for which 10-acre density has not been ordered by the Commission for the Williams Fork formation.

IT IS FURTHER ORDERED, that, except as previously authorized by order of the Commission, wells to be drilled under this application shall be drilled from the surface either vertically or directionally from no more than one pad located on a given quarter quarter section (or equivalent lot) unless exception is granted by the Director pursuant to application made for such exception.

IT IS FURTHER ORDERED, that the provisions contained above in this order shall be effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

IT IS FURTHER ORDERED, that under the State Administrative Procedure Act, the Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

ENTERED this _____ day of January 2010, as of January 11, 2010.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Rob Willis, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
January ___, 2010

Laramie Energy II, LLC

RECEIVED

DEC 28 2009

COGCC



Application for Spacing and Pooling

Section 8 T7S R93W

Docket #: 1001-UP-05

Cause: 139

1. Land

2. Geology

3. Engineering


4. Resumes

Verified Statement of Mark R. Petry

In support of the request for Director approval of the Verified Application of Laramie Energy II, LLC in Cause No. 139, Docket No. 1001-UP-05, pursuant to Rule 511.b, Mark R. Petry, Vice President of Business Development of Laramie Energy II, LLC, upon oath, deposes and states as follows:

- a. I am currently employed as the Vice President of Business Development of Laramie Energy II, LLC ("Laramie"). I have been and am presently responsible for and have knowledge of the land position related to the Application Lands.
- b. I have previously testified as an expert witness in petroleum land matters before the COGCC or before Hearing Officers of the COGCC. Included in Section No. 4 of the Application is a copy of my resume. Attached are Exhibits L-1 through L-5, which were prepared by me or were under my direction and control. I have reviewed the exhibits, and to the best of my knowledge and belief, each of the exhibits is correct and accurate as of the date of this Verified Statement.
- c. Exhibit L-1 is a plat that depicts the Application Lands in yellow and totaling approximately 80 acres. Also depicted are wells drilled, completed, and producing from the Mesaverde Group. There are no lease boundaries within the Application Lands as the four oil and gas leases cover all of the Application Lands. The proposed location for the initial well, the Beaver Creek Ranch 08-14B Well, with a bottomhole location of approximately 820 feet from the South line and 1921 feet from the West line of Section 8 is also depicted on the plat.
- d. Exhibit L-2 is a copy of the letter sent to the other working interest owner, Williams Production RMT Company, within the Application Lands offering the option to participate in drilling of the initial well. Also attached to Exhibit L-2 are copies of the green card, return receipt requested, evidencing that the letter was received on November 20, 2009. This date is more than 30 days prior to the date of the Commission hearing.
- e. Exhibit L-3 is a copy of the front page and Exhibit A to the Joint Operating Agreement (JOA) covering the Application Lands which were provided with the letter reflected on Exhibit L-2. The Exhibit A to the JOA reflects that Laramie Energy II, LLC owns working interests in the Application Lands. A copy of the entire JOA was attached as Exhibit C to the Verified Application. Also attached to Exhibit L-3 is a copy of the Authority for Expenditure (AFE) which was provided with the letter reflected on Exhibit L-2 and was attached as Exhibit C to the Verified Application. The AFE is a fair and reasonable estimate of the costs of the proposed drilling operation.
- f. Exhibit L-4 depicts the Application Lands with topography.
- g. Exhibit L-5 is a summary of my written testimony.
- h. I have not been advised of and am not aware of any protests to the Verified Application.

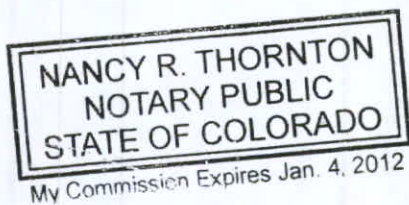
- i. The parties identified on Exhibit A to the Verified Application are the parties entitled to notice under the rules of the COGCC.

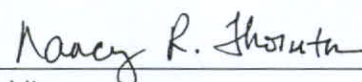

Mark R. Petry

STATE OF COLORADO)
) ss
COUNTY OF DENVER)

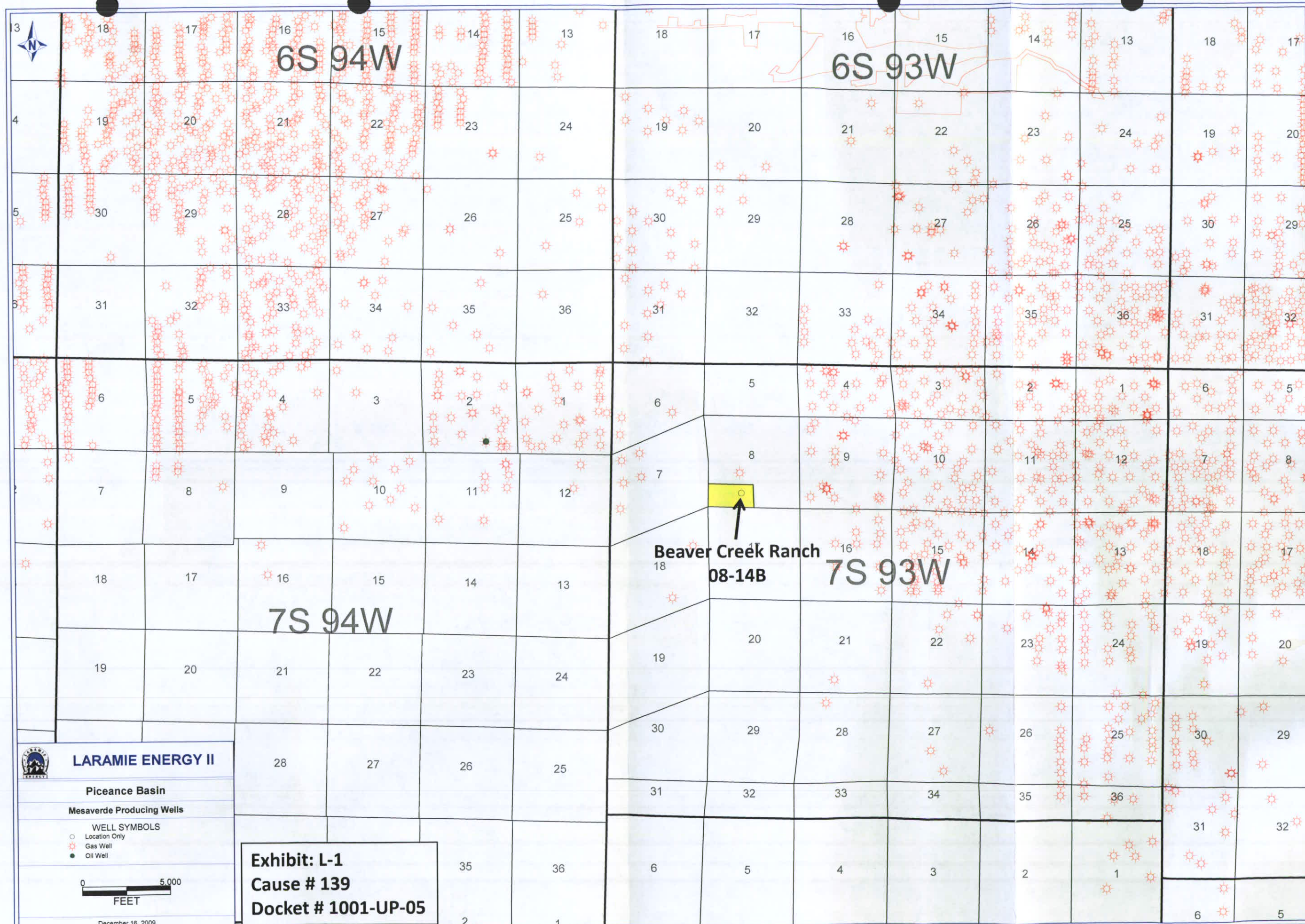
Subscribed to and sworn to before me this 18th day of December, 2009, by Mark R. Petry, Vice President of Business Development of Laramie Energy II, LLC.

My Commission expires: Jan 4, 2012




Notary Public

Address: 1512 Larimer St., Ste 1000
Denver, CO 80202



6S 94W

6S 93W

7S 94W

7S 93W

Beaver Creek Ranch
08-14B

LARAMIE ENERGY II

Piceance Basin
Mesaverde Producing Wells

WELL SYMBOLS
○ Location Only
★ Gas Well
● Oil Well

0 5,000
FEET

December 16, 2009

Exhibit: L-1
Cause # 139
Docket # 1001-UP-05





LARAMIE ENERGY II, LLC
1512 LARIMER STREET, SUITE 1000
DENVER, CO 80202

Exhibit: L-2
Cause # 139
Docket # 1001-UP-05

TEL: (303) 339-4400
FAX: (303) 339-4399

November 19, 2009

Certified Mail
Return Receipt Requested

Mr. Patrick Kunc, RPL
Williams Production RMT Company
1515 Arapahoe Street, Tower 3
Denver, Colorado 80202

Re: Well Proposal
SE/4SW/4 Section 8, Township 7 South, Range 93 West, 6th P.M.
Beaver Creek Ranch 08-14B
Joint Operating Agreement for
Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4
Garfield County, Colorado

Dear Patrick:

Laramie Energy II, LLC ("Laramie") proposes to drill the above referenced well ("Well") on the above described lands pursuant to the terms of the enclosed Joint Operating Agreement ("JOA") dated November 18, 2009.

Also enclosed, in addition to the JOA, are the following: 1) a Recording Supplement for the JOA; 2) the Authorization for Expenditure ("AFE") setting forth the estimated costs of drilling and completing the Well; and 3) an additional set of signature pages for the JOA, the JOA Recording Supplement, and the AFE. The appropriate signature blocks and the required acknowledgements are tabbed for you and your notary public's convenience.

Laramie will be drilling, but not completing the Well at this time. If you choose to participate in the drilling and future completion of the Well, please confirm your agreement by having the appropriate person or officer execute, before a notary public, the additional signature pages for the JOA and Recording Supplement, and execute the AFE. Please return the signature pages and AFE to Laramie, to the attention of the undersigned, within thirty (30) days of receipt of this letter.

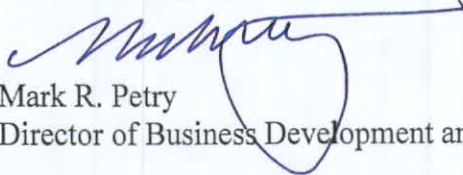
November 19, 2009
Well Proposal
T7S, R93W, SE/4SW/4 Section 8

Please be advised Laramie intends to file with the Colorado Oil and Gas Conservation Commission an application to involuntarily pool the unleased mineral owners or working interest owners of the subject lands who choose not to join in the JOA for the Proposed Well. Laramie respectfully requests your response to this Well Proposal within thirty (30) days of receipt hereof.

Should you have any questions, please contact me at 303-339-4408. Laramie appreciates your consideration of this proposal.

Regards,

Laramie Energy II, LLC




Mark R. Petry
Director of Business Development and Land Administration

Enclosures
cc: Phyllis Burley

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

DENVER CO 80202

Postage	\$ 4.95	
Certified Fee	\$2.80	
Return Receipt Fee (Endorsement Required)	\$2.30	
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 10.05	11/19/2009

Sent To Mr. Patrick Kunc, RPL
Williams Production RMT Company
Street, Apt. No.,
or PO Box No. 1515 Arapahoe St. Ste 1000 Tower 3
City, State, ZIP+4 Denver, CO 80202

PS Form 3800, January 2001

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Patrick Kunc, RPL
Williams Production RMT Company
1515 Arapahoe St., Ste 1000
Tower 3
Denver, CO 80202

2. Article Number
(Transfer from service label)

7001 2510 0000 0379 9264

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Viki P. S. Zander

C. Date of Delivery

- D. Is delivery address different from item 1?** ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Exhibit: L-2
Cause # 139
Docket # 1001-UP-05

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

November 18 , 2009 ,
year

OPERATOR Laramie Energy II, LLC

CONTRACT AREA Township 7 South, Range 93 West, 6th P.M.

Section 8: S/2SW/4

Restricted from the surface to the base of the Cameo Formation

COUNTY OR PARISH OF Garfield , STATE OF Colorado

COPYRIGHT 1989 - ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

EXHIBIT "A"

Attached to and made a part of that certain Joint Operating Agreement dated November 18, 2009, by and between Laramie Energy II, LLC, Operator, and Williams Production RMT Company, Non-Operator

DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT:

Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4
Garfield County, Colorado

Containing 80.00 acres, more or less

The described lands are subject to Order No. 139-76, of the Colorado Oil and Gas Conservation Commission

RESTRICTIONS AS TO DEPTHS, FORMATIONS, OR SUBSTANCES:

This Operating Agreement covers only those zones and formations from the surface of the earth down to the base of the Cameo Formation.

PARTIES TO THIS AGREEMENT

Names and Addresses:

Laramie Energy II, LLC
1512 Larimer Street, Suite 1000
Denver, Colorado 80202
Attn: Mark Petry
(303) 339-4408
(303) 339-4399 Fax

Williams Production RMT Company
1515 Arapahoe Street
Tower 3, Suite 1000
Denver, Colorado 80202
Attn: Joe Barrett
(303) 606-4052
(303) 629-8282 Fax

WORKING INTEREST OF PARTIES TO THIS AGREEMENT:

Laramie Energy II, LLC	25.00000%
Williams Production RMT Company	75.00000%
Total	100.00000%

OIL AND GAS LEASES AND/OR OIL AND GAS INTERESTS
SUBJECT TO THIS AGREEMENT

The lands covered by the Oil and Gas Leases described below are committed to the subject Operating Agreement only insofar as to the lands that lie within the S/2SW/4 of Section 8 of Township 7 South, Range 93 West, 6th P.M., Garfield County, Colorado.

Lessor: Denver Seminary, Inc. f/k/a The Denver Conservative Baptist Seminary, a Colorado non-profit corporation

Original Lessee: Laramie Energy II, LLC

Present Lessee: Laramie Energy II, LLC

Lease Effective Date: May 1, 2009

Recording Data: July 13, 2009, at Reception 771224 in the records of Garfield County, Colorado

INSOFAR AND ONLY INSOFAR AS SAID OIL AND GAS LEASE COVERS:

Land Description: Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4

Lessor: David Youberg

Original Lessee: Barrett Resources Corporation

Present Lessee: Williams Production RMT Company

Lease Effective Date: September 1, 1992

Recording Data: September 30, 1992, at Book 842 at Page 898 in the records of Garfield County, Colorado

INSOFAR AND ONLY INSOFAR AS SAID OIL AND GAS LEASE COVERS:

Land Description: Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4

Lessor: Floyd A. Thurston

Original Lessee: Barrett Resources Corporation

Present Lessee: Williams Production RMT Company

Lease Effective Date: November 13, 1992

Recording Data: June 25, 1992 in Book 834 at Page 934 in the records of Garfield County, Colorado

INSOFAR AND ONLY INSOFAR AS SAID OIL AND GAS LEASE COVERS:

Land Description: Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4

Lessor: Robert C. Schenck Sr., Attorney in Fact for James Felix Atkinson, a/k/a James F. Atkinson and Dorothy Yolonda Atkinson, a/k/a Dorothy Y. Atkinson, H/W, Under that certain P-O-A, dated August 29, 1986, and recorded in Bk. 694, Pg. 377 of the records of Garfield County, Colorado

Original Lessee: Mobil Oil Corporation

Present Lessee: Williams Production RMT Company

Lease Effective Date: May 19, 1989

Recording Data: December 22, 1989, in Book 769 at Page 696 in the records of Garfield County, Colorado

INSOFAR AND ONLY INSOFAR AS SAID OIL AND GAS LEASE COVERS:

Land Description: Township 7 South, Range 93 West, 6th P.M.
Section 8: S/2SW/4

LARAMIE ENERGY II, LLC

AUTHORITY FOR EXPENDITURE

Project : D, C & E Mesaverde Well - BCR
 Well Name/Number: Beaver Creek Ranch 08-14B
 Location: SE SW Sec 08 T7S R93W
 County, State: Garfield Co, CO
 Project Description: Drilling Well
 Number: Precision 706

Well Number: 40421
 AFE Number: 09-121
 Operator: Laramie Energy II, LLC
 Proposed Total Depth: 10,100'
 Date Prepared: 11/16/09
 Prepared by: Randy Natvig

Account Codes	INTANGIBLES	Drilling - IDC Account 830	Completion - ICC Account 850
110.830.25	Title Opinion, Legal & Land Services	\$5,000.00	
110.830.11	Damages, Permits & Signage	\$52,000.00	
110.830.10	Road, Location & Surveys (dirt work, gravel, anchors)	\$82,000.00	
110.830.23	Rig Mobilization and Demobilization	\$88,000.00	
110.830.21	Drilling Contract, Daywork Basis 16.0 days @ \$ 16,500 /day	\$264,000.00	
110.830.35	Other Drilling Services (rat/mouse/cellar)	\$11,000.00	
110.830.22	Fuel and Power	\$50,000.00	
110.830.32	Water Source and Hauling	\$14,000.00	
110.830.30	Mud and Chemicals	\$70,000.00	
110.830.26	Drill Bits, Stabilizers, Reamers, Cores	\$40,000.00	
110.830.50	Cement and Cement Services	\$30,000.00	
110.830.60	Transportation	\$2,000.00	
110.830.24	Rental Equipment	\$95,000.00	
110.830.37	Directional Tools and Services 15.0 days @ \$ 6,000 /day	\$90,000.00	
110.830.46	Geologic /Mudlogging (remote gas detection / computers)	\$5,000.00	
110.830.40	Open Hole Logging	\$20,000.00	
110.830.41	BOP Testing	\$3,000.00	
110.830.70	Engineering/Supervision	\$24,000.00	
110.830.72	Drilling Overhead \$ 7,000 /mo	\$4,000.00	
110.830.76	Contract Labor (casing crew and other)	\$10,000.00	
110.830.28	Inspection of Tubulars	\$2,000.00	
110.830.53	Waste Disposal and Restoration	\$2,000.00	
110.830.78	Environmental and Safety	\$2,000.00	
110.830.84	Insurance 10,100 ft. @ 0.30 /ft	\$3,000.00	
110.830.90	Miscellaneous and Contingencies	\$38,000.00	
110.850.10	Road, Location & Surveys (dirt work)		\$1,000.00
110.850.50	Cement and Cement Services (production casing)		\$45,000.00
110.850.47	Cased Hole Logging and Perforating		\$55,000.00
110.850.41	Flow Back & Testing		\$20,000.00
110.850.26	Drill Bits, Stabilizers, Reamers, Cores (bit subs)		\$4,000.00
110.850.35	Other Drilling Services (foam unit and related services)		\$4,000.00
110.850.74	Automation Installation Labor		\$2,000.00
110.850.75	Well & Pipeline Hook-Up Labor		\$10,000.00
110.850.76	Contract Labor (production casing crew and other)		\$25,000.00
110.850.51	Completion Unit		\$14,000.00
110.850.24	Equipment Rental		\$45,000.00
110.850.70	Engineering/Supervision		\$11,000.00
110.850.72	Completion Overhead \$ 7,000 /mo		\$3,000.00
110.850.60	Transportation		\$6,000.00
110.850.48	Treating and Stimulation		\$415,000.00
110.850.30	Mud and Chemicals		\$2,000.00
110.850.32	Water Source and Hauling		\$55,000.00
110.850.90	Miscellaneous and Contingencies		\$36,000.00
SUBTOTAL		\$1,004,000.00	\$753,000.00
TOTAL INTANGIBLE COST			\$1,757,000.00

Account Codes	TANGIBLES	Drilling - TDC Account 840	Completion - TCC Account 860
110.840.10	Surface Casing (8-5/8") 1,500 ft @ \$ 23.33 /ft	\$35,000.00	
110.840.10	Parasite String (1-1/2") 1,500 ft @ \$ 3.33 /ft	\$5,000.00	
110.860.20	Production Casing (4- 1/2"; I-100)) 10,100 ft @ \$ 12.48 /ft		\$126,000.00
110.860.25	Tubing 9,000 ft @ \$ 5.22 /ft		\$47,000.00
110.860.05	Wellhead Equipment	\$5,000.00	\$12,000.00
110.860.35	Other Surface Equipment		\$4,000.00
110.860.48	Automation and Telemetry Equipment		\$9,000.00
110.860.55	Tanks, Walkways		\$5,000.00
110.860.60	Treater / Separator & Meter		\$20,000.00
110.860.70	Valves, Fittings, Pipe, Circulating Pump		\$18,000.00
110.860.90	Miscellaneous and Contingencies		\$12,000.00
SUBTOTAL		\$45,000.00	\$253,000.00
TOTAL TANGIBLE COST			\$298,000.00
TOTAL INTANGIBLE AND TANGIBLE COST		\$1,049,000.00	\$1,006,000.00
			\$2,055,000.00

ALLOCATION					
OWNER	% WI	Intangible Drilling Cost	Intangible Completion Cost	Tangible Drill & Comp. Cost	TOTAL WELL COST
Laramie Energy II, LLC	25.00%	\$251,000.00	\$188,250.00	\$74,500.00	\$513,750.00
Williams Production RMT Company	75.00%	\$753,000.00	\$564,750.00	\$223,500.00	\$1,541,250.00

Operator: Laramie Energy II, LLC

Approved By: *John C. Payne*

Title: President and CFO

Date: November 16, 2009

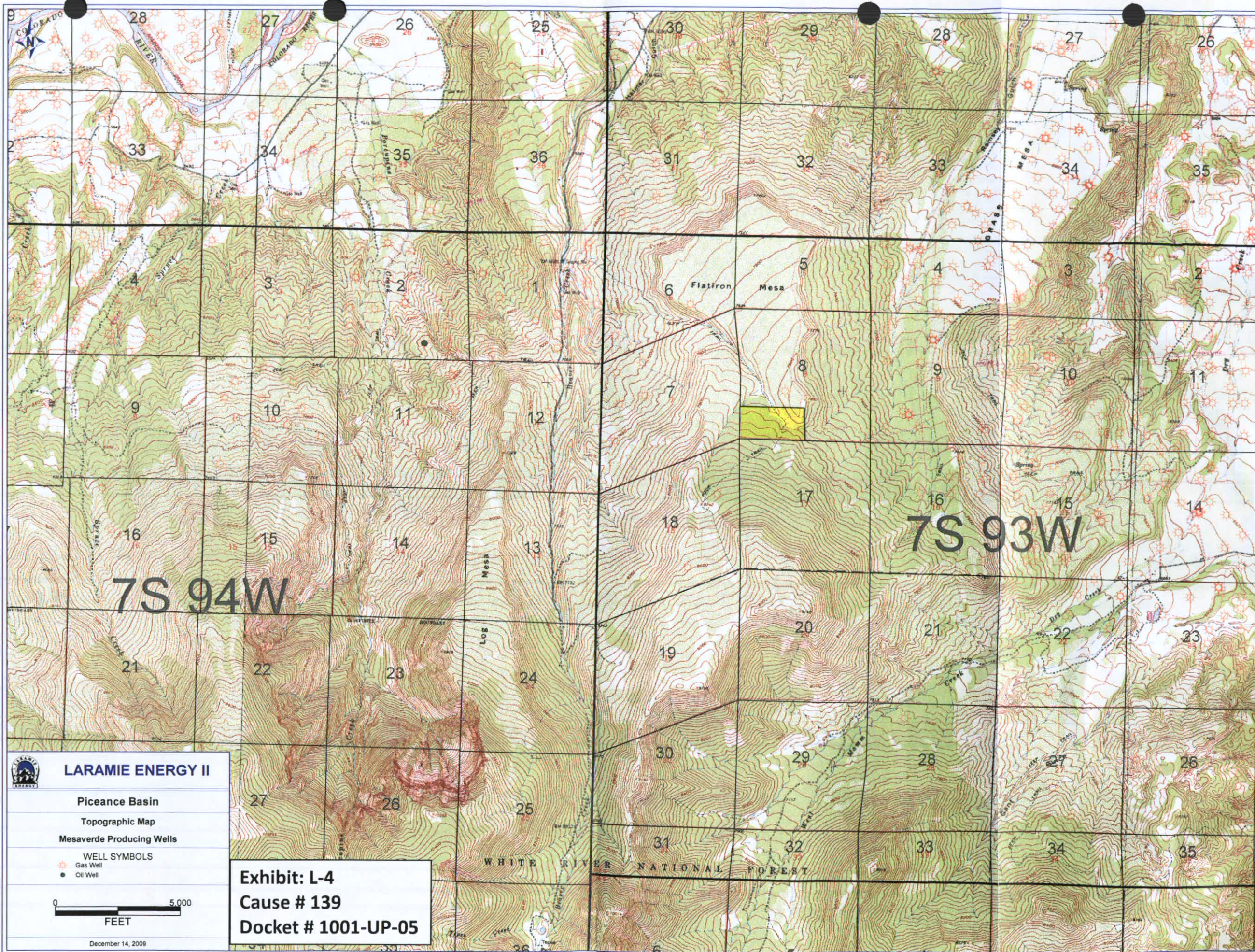
Working Interest Owner:

Approved By:

Title:

Date:

Exhibit: L-3
Cause # 139
Docket # 1001-UP-05



LARAMIE ENERGY II

Piceance Basin

Topographic Map

Mesaverde Producing Wells

WELL SYMBOLS

- Gas Well
- Oil Well

0 5,000
FEET

December 14, 2009

Exhibit: L-4
Cause # 139
Docket # 1001-UP-05

Verified Statement of Mark G. King

In support of the request for Director approval of the Verified Application of Laramie Energy II, LLC in Cause No. 139, Docket 1001-UP-05, pursuant to Rule 511.b, Mark G. King, Senior Geologist of Laramie Energy II, LLC, upon oath, deposes and states as follows:

- a. I am currently employed as a Senior Geologist for Laramie Energy II, LLC. I have knowledge of the geologic characteristics of the Mesaverde Group underlying the Application Lands.
- b. I previously have testified as an expert witness in petroleum geology before Hearing Officers of the COGCC. My resume is included in the application materials. I have prepared the exhibits using geological information gathered by myself or available from published data. Based upon my knowledge of the application area, the exhibits accurately represent the geology of the application lands and the surrounding area.
- c. Exhibit G-1 is a map showing the location of the application leasehold and the location of Parachute, Rulison, Mamm Creek and Brush Creek Fields. The location of the Type log and cross-sections A-A', B-B' and C-C' (Exhibits G-2, G-6, G-7 and G-8) are also shown on this map.
- d. Exhibit G-2 is a type log for the Williams Fork Formation. The well in Exhibit G-2 is located in Section 8, Township 7S and Range 93W. The well name is the Encana O&G GMR 8-11 K8W. This well is located in Exhibit G-1. The type log contains 4 tracks. Track 1 contains a gamma ray curve colored so that sand shows up as yellow, shale gray and coal black. Track 2 is the depth track. Track 3 contains a deep resistivity curve. Track 4 contains the density and neutron curves. The red shading identifies log cross-over indicating the presence of gas. The Mesaverde Group is Upper Cretaceous in age and consists of the Iles Formation, which are marine and non-marine deposits and the Williams Fork Formation, which are non-marine deposits. The Williams Fork Formation extends from the top of the Rollins SS to the top of the Mesaverde Group. The Williams Fork Formation comprises sandstones, shales and coals deposited in a coastal-plain setting. The lower 740 feet of the Williams Fork Formation in the type log is a coal bearing member commonly known as the Cameo. The sandstones within the Williams Fork Formation were primarily deposited as point bars on meandering rivers. The productive sandstones throughout the Williams Fork Formation are laterally discontinuous, naturally fractured, contain microdarcy permeability and average 6% - 10% porosity.
- e. Exhibit G-3 is a summary of the identified sand types found during the outcrop study of the Williams Fork Formation in Coal Canyon. Five sand body types were identified and sand body statistics compiled. Note that only the Compound Sinuous sand type has a mean sand width larger than the distance between wells drilled on 10 acre density (660 ft). The Simple Sinuous and Compound Sinuous sands are the most common sand types found in the outcrop study. Both sand types contain lateral accretion surfaces which act as internal baffles and barriers to flow.

- f. Exhibit G-4 contains two photographs of the Williams Fork outcrop in Coal Canyon. The upper and lower photographs are identical and are separated by the red line. The upper photograph has a schematic overlay on it highlighting the presence of multiple discrete sand bodies in the Williams Fork Formation. Four hypothetical wells drawn 660 ft apart (10 acre density) are also shown. This exhibit illustrates that wells drilled on 10 acre density will encounter different sands or different compartments within the same sand body.
- g. Exhibit G-5 is a sketch of a portion of the Williams Fork outcrop on the west side of Rifle Gap, on the eastern margin of the Piceance Basin. The diagram shows two sands in the same stratigraphic horizon with two hypothetical 10-acre wells, spaced 660 ft apart. This exhibit illustrates that the sand body widths in the outcrop are smaller than the distance between the hypothetical 10 acre density wells (660 ft).
- h. Exhibit G-6 is stratigraphic cross-section A-A'. This cross-section, as well as cross-sections B-B' and C-C', were constructed to illustrate the discontinuous nature of the Williams Fork sands in nearby closely spaced wells. Cross-section A-A' is located approximately 3 miles north of the application lands. The wells are 790 ft apart. The log layout is identical to that shown in the type log (Exhibit G-2). The marker labeled TOP is Top of Perforations. The colored panel between the logs is an attempt to correlate the sands and shales between the wells. Note the discontinuous nature of the sands. Note how the character of the sands that appear to correlate change between wells. Using the model shown in Exhibits 3, 4 and 5, it is highly unlikely that many of these sands correlate between wells.
- i. Exhibit G-7 is stratigraphic cross-section B-B'. Cross-section B-B' is located approximately 2 miles east of the application lands. Note the discontinuous nature of the sands. Note the geologic similarities of the wells in this cross-section with the type log and with the wells in Exhibits G-6 and G-8. The discontinuous nature of the Williams Fork Formation is consistent throughout the basin.
- j. Exhibit G-8 is stratigraphic cross-section C-C'. Cross-section C-C' is located approximately 10 miles south of the application lands. Note the discontinuous nature of the sands. Note the geologic similarities of the wells in this cross-section with the type log and with the wells in Exhibit G-6 and G-7. The discontinuous nature of the Williams Fork Formation is consistent throughout the basin.
- k. Exhibit G-9 is a summary of my written testimony.
- l. Summary: The Williams Fork Formation is the primary target for new wells drilled on the application lands. The geologic model of the Williams Fork Formation in the major producing regions of the Piceance Basin is well understood. The model consists of log studies, completion and reservoir engineering studies and extensive representative outcrop data. Outcrop studies

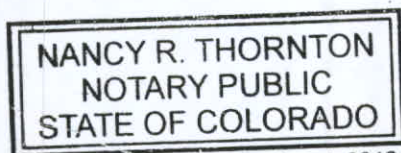
from both the western and eastern edges of the Piceance Basin illustrate that the Williams Fork Formation consists of sand bodies that are highly discontinuous in nature. Well logs confirm that the discontinuous sand model projects from the outcrop into the basin. The mean sand width identified from the outcrop study is 526 ft. Wells drilled on 10 acre density will statistically not encounter the same sand bodies. Exhibits 6, 7 and 8 illustrate the same highly discontinuous nature of the sand bodies within the Williams Fork Formation on a slightly wider scale. The accepted geologic model predicts that the mean sand width found in outcrop and in drilled 10 acre density wells will also be present under the application lands.

M. G. King
Mark G. King

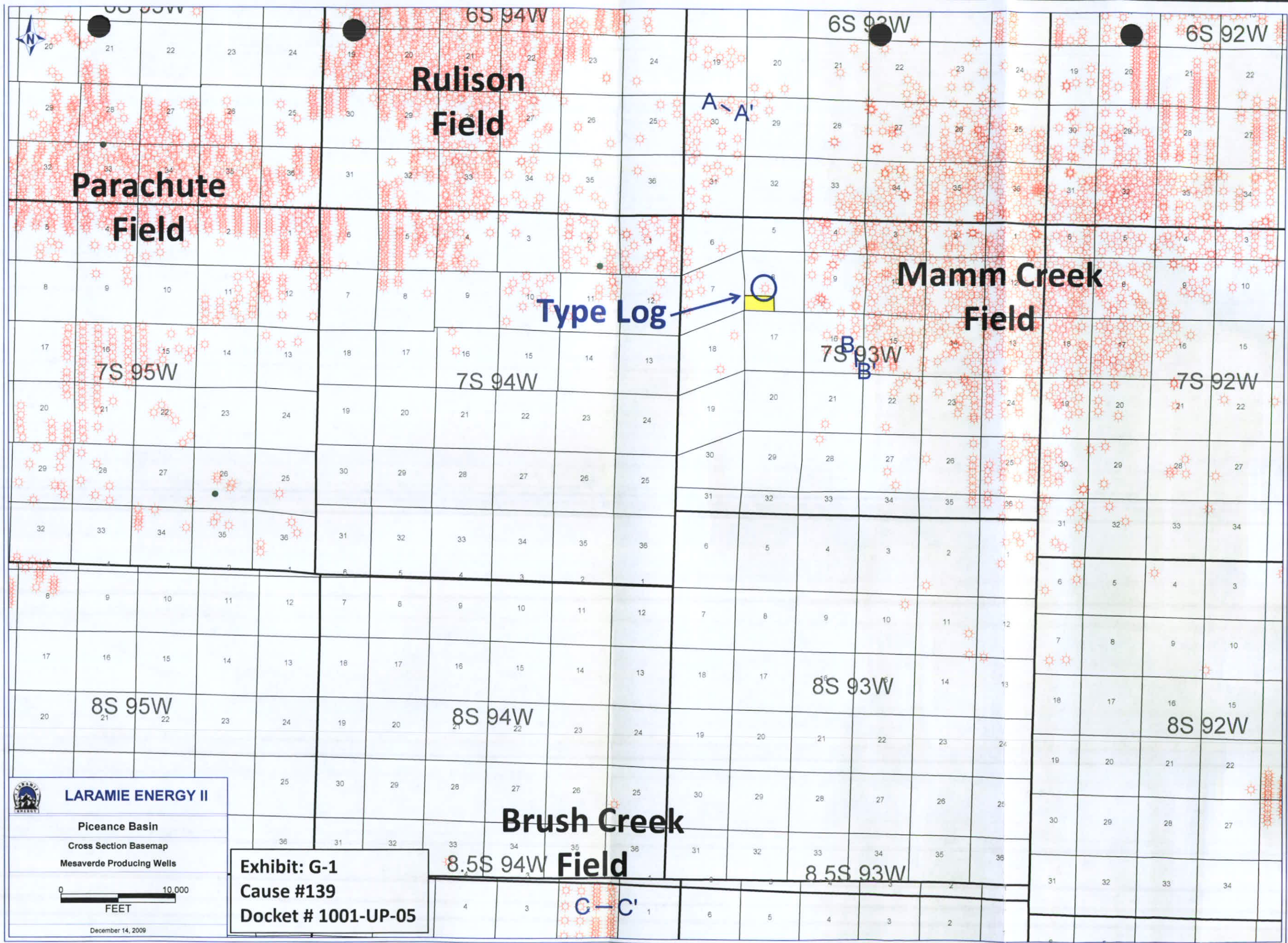
STATE OF COLORADO)
) ss
COUNTY OF DENVER)

Subscribed to and sworn to before me this 18th day of December, 2009, by Mark G. King, Senior Geologist for Laramie Energy II, LLC.

My Commission Expires: January 4, 2012

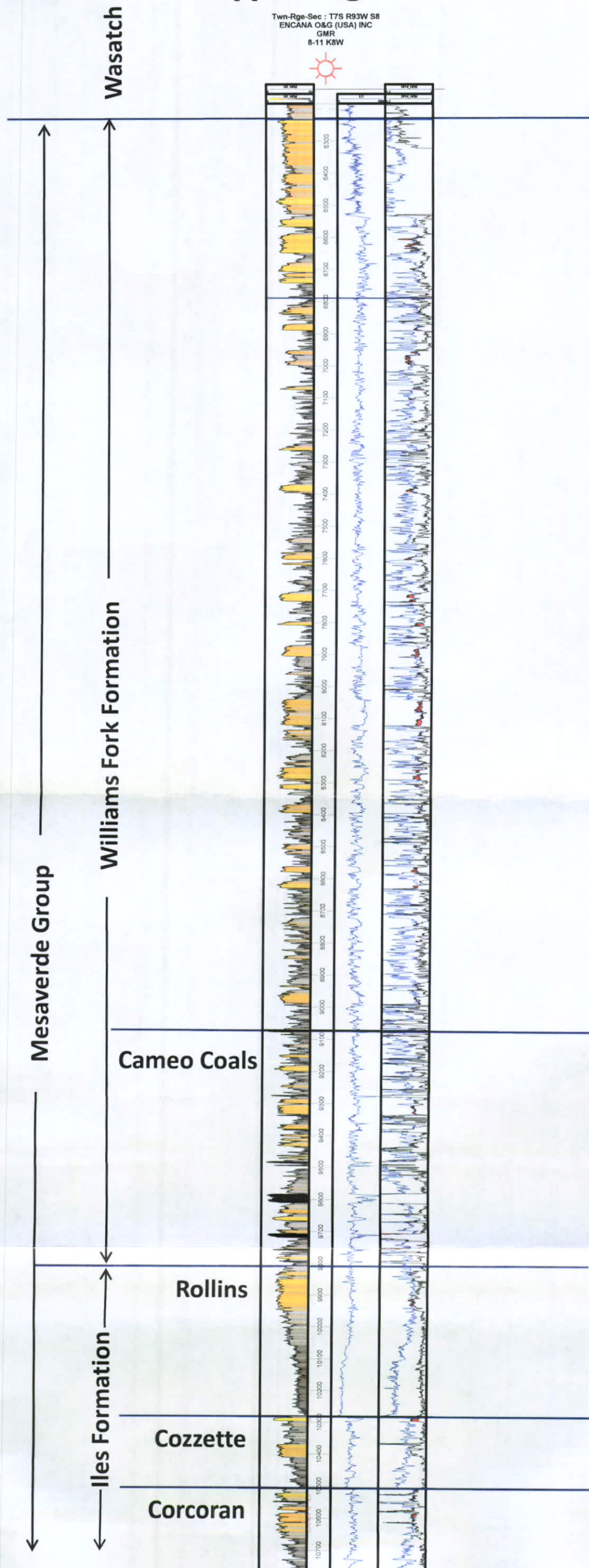


Nancy R. Thornton
Notary Public
Address: 1512 Larimer St., Suite 1000
Denver, CO 80202



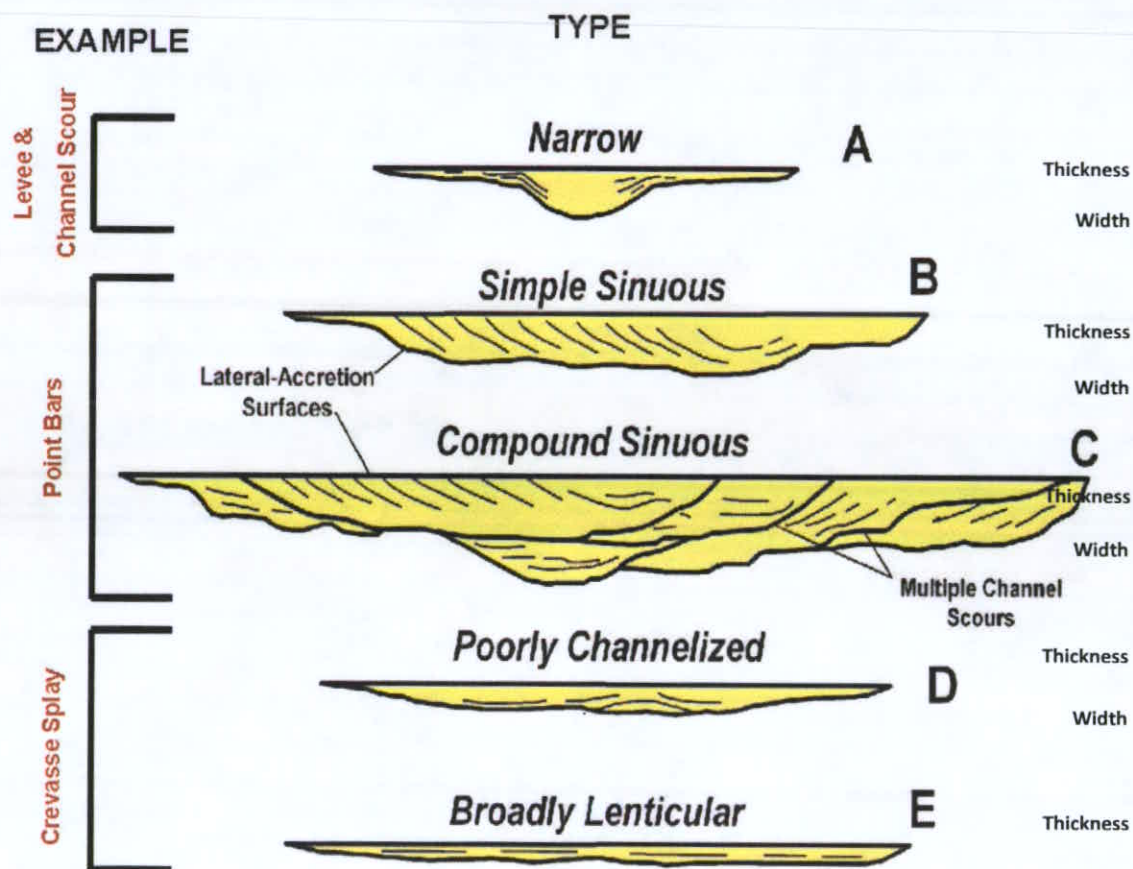
Type Log

Twn-Rge-Sec : T7S R93W S8
ENCANA O&G (USA) INC
GMR
8-11 K8W



LOWER WILLIAMS FORK SAND BODY TYPES

SAND BODY STATISTICS



N	Min	Max	Mean	Median
---	-----	-----	------	--------

Thickness	9	3.5	21	9.2	6
Width	9	46.4	290.5	98.5	81

Thickness	30	4.1	18	8.8	7.7
Width	30	112	2316.3	505.1	400.2

Thickness	55	4.5	29	13.8	13.2
Width	55	139.7	2791.1	814.8	674.3

Thickness	14	2.5	9.1	5.4	5.4
Width	14	72.9	510.4	234.8	165.4

Thickness	28	0.5	6.5	2.8	2.8
Width	28	40.1	843.3	275.7	247.4

TOTAL POPULATION

Thickness (ft)
Apparent Width (ft)

136	0.5	29	9.3	8
136	40.1	2791.1	526	400.2

Exhibit: G-3

From Cole and Cumella (2005)

Cause #139

Docket # 1001-UP-05

WILLIAMS FORK IN COAL CANYON HIGHLIGHTING DISCRETE SAND BODIES

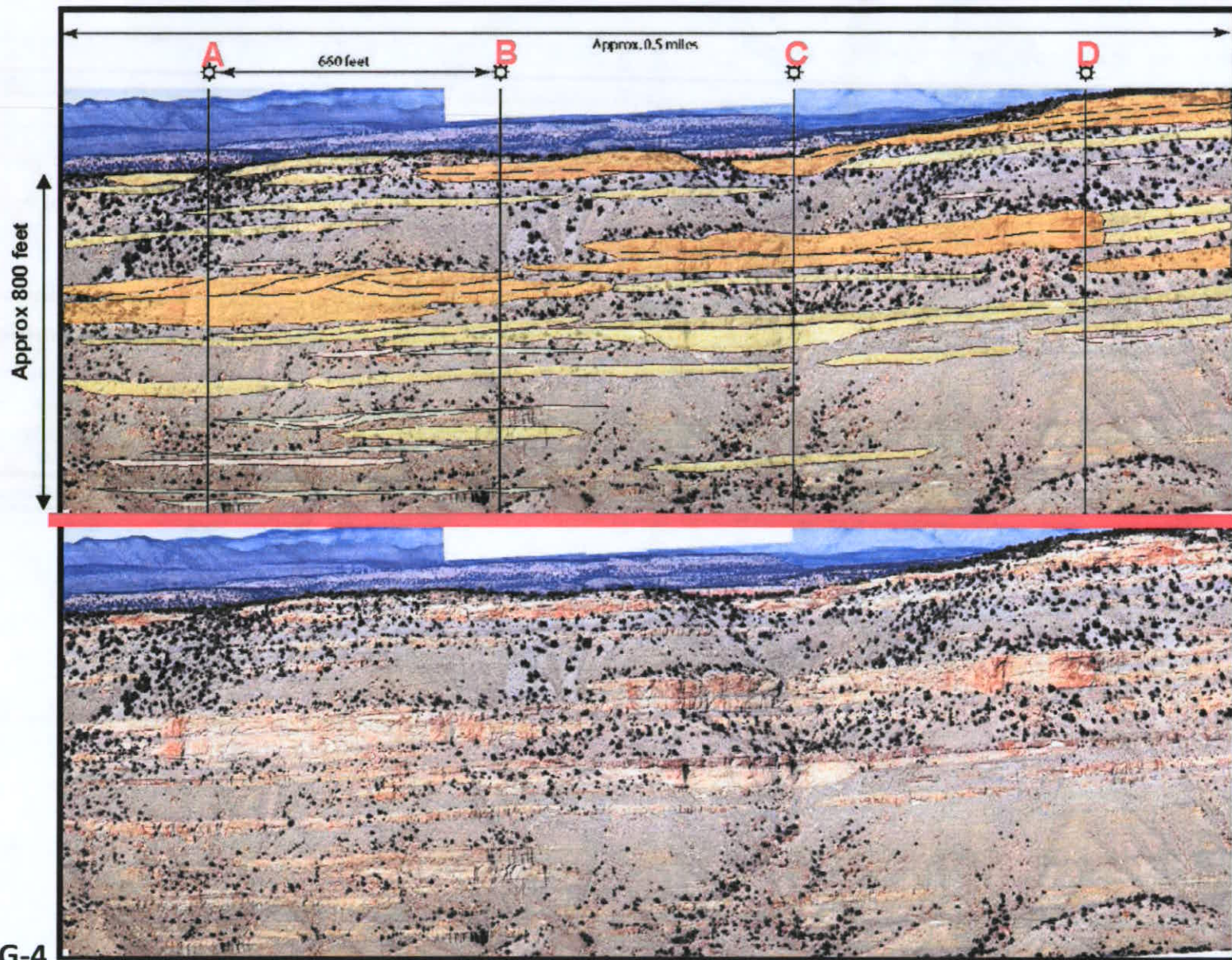


Exhibit: G-4
Cause #139
Docket # 1001-UP-05

Williams Fork Outcrop Diagram - Rifle Gap

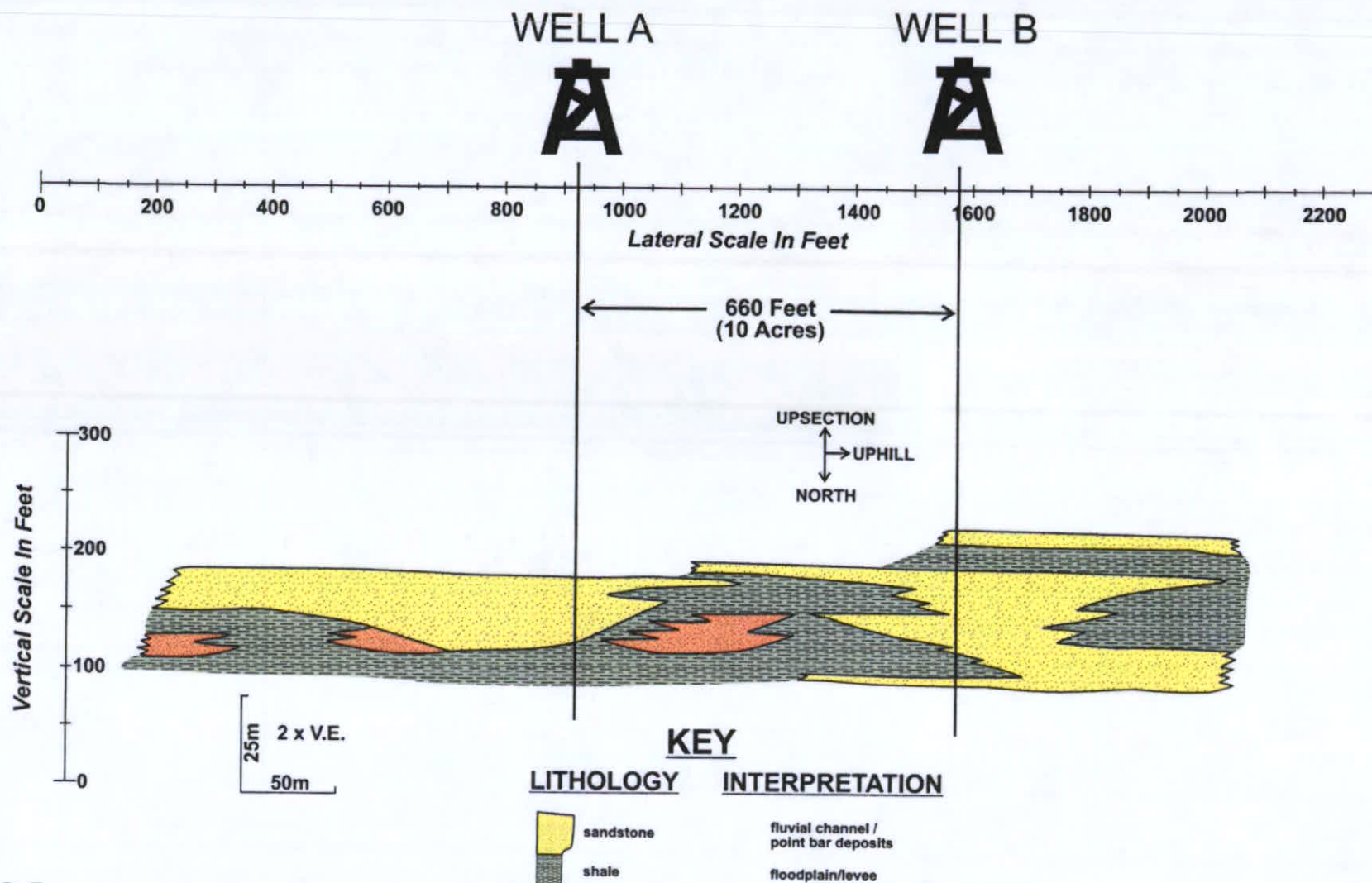


Exhibit: G-5

Cause #139

Docket # 1001-UP-05

Outcrop of lens 8, west side of Rifle Gap, modified from Lorenz, 1982 (Pg. 28, Fig. 12).

Twn-Rge-Sec : T6S R93W S30
PETROGULF CORP
HOOKER
30-10

Twn-Rge-Sec : T6S R93W S30
PETROGULF CORP
HOOKER
30-14

A

A'

790 Feet

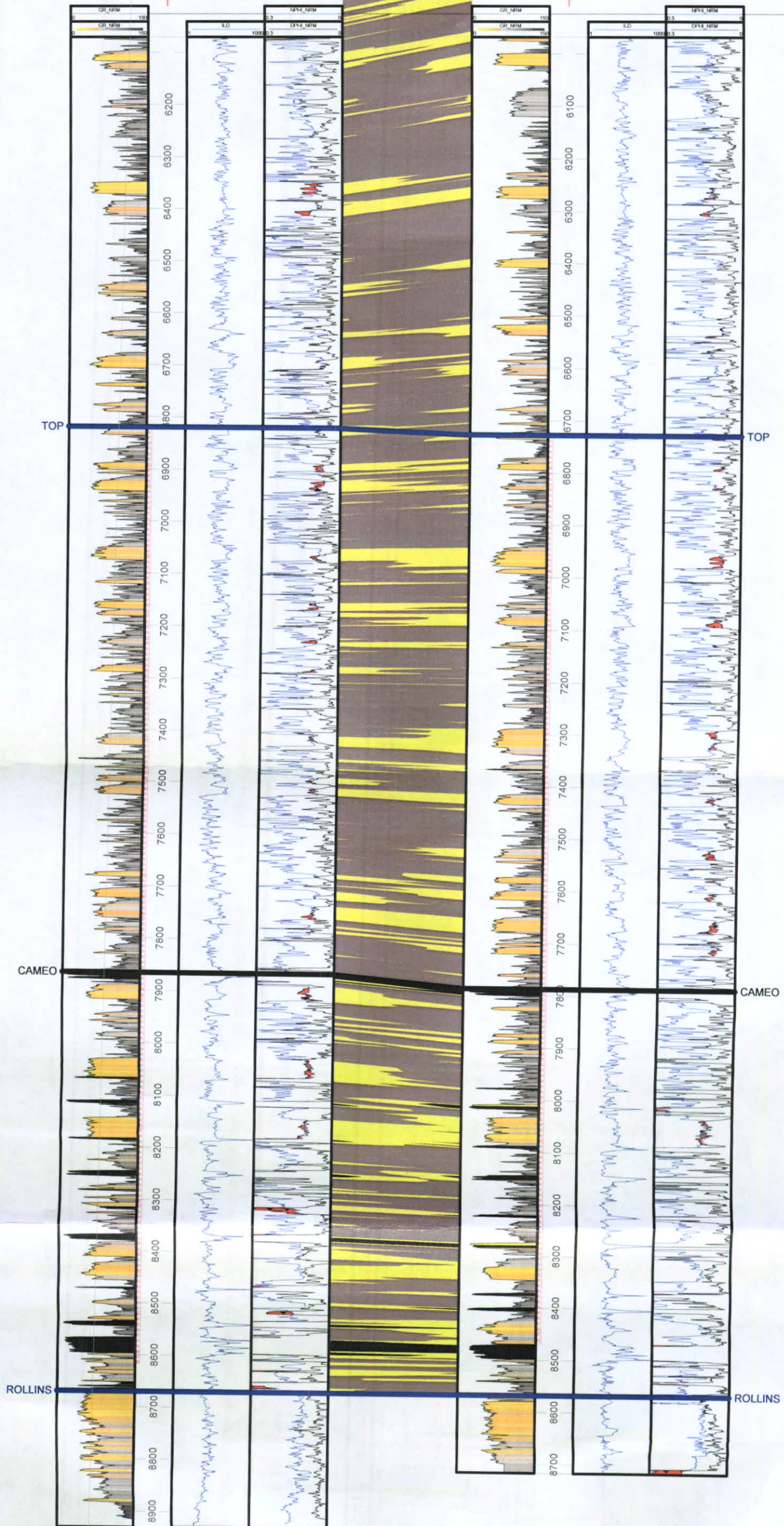


Exhibit: G-6
Cause #139
Docket # 1001-UP-05

TwN-Rge-Sec : T7S R93W S16
ENCANA O&G (USA) INC
HUNTER MESA UNIT
16-9 J16W

TwN-Rge-Sec : T7S R93W S16
ENCANA O&G (USA) INC
FEDERAL
16-16 J16W

B

B'

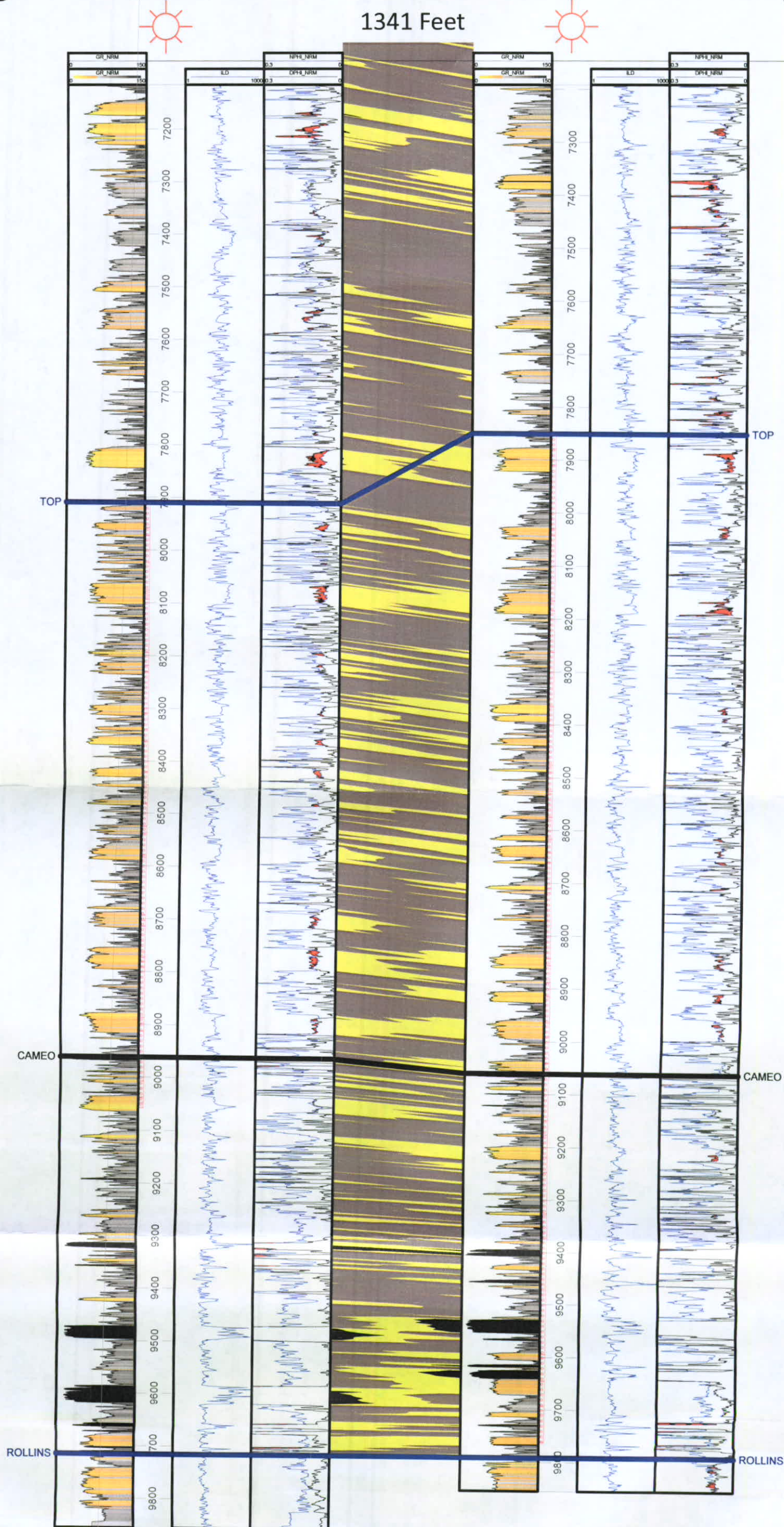
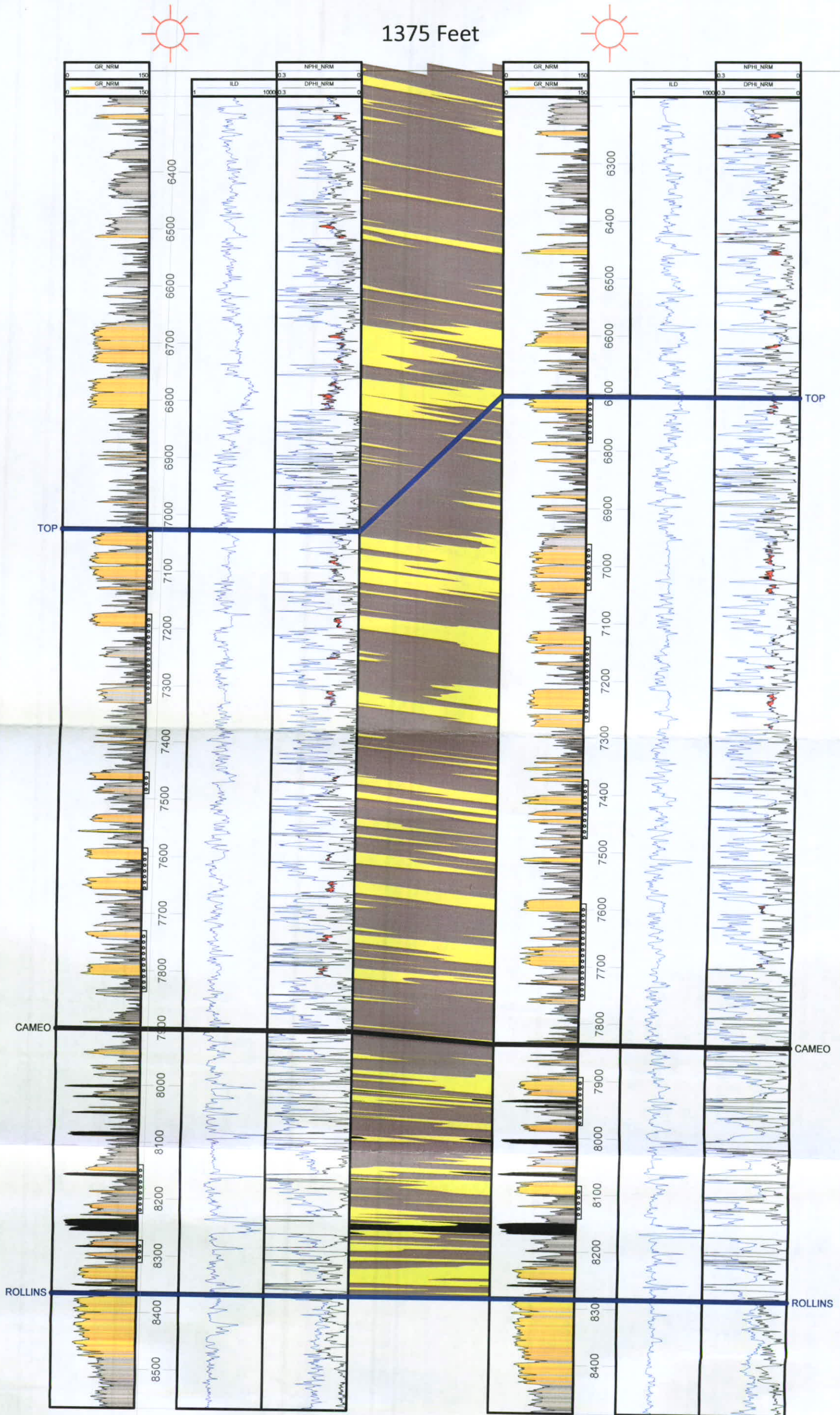


Exhibit: G-7
Cause #139
Docket # 1001-UP-05



Verified Statement of Robert G. Hea

In support of the request for Director approval of the Verified Application of Laramie Energy II, LLC in Cause No. 139, Docket 1001-UP-05, pursuant to Rule 511.b, Robert G. Hea, Vice President of Engineering & Operations of Laramie Energy II, LLC, upon oath, deposes and states as follows:

- a. I am currently employed as the Vice President of Engineering and Operations for Laramie Energy II, LLC (Laramie). I have knowledge of the Reservoir Engineering characteristics of the Mesaverde Group underlying the Application Lands.
- b. I have previously testified as an expert witness regarding Engineering before Hearing Officers of the COGCC. My resume is included in the application materials. I prepared the attached Exhibits E-1 through E-7 and to the best of my knowledge and belief; each of those Exhibits are correct and accurate as of the date of this Verified Statement.
- c. Exhibit E-1 is a map showing the location of the Application Lands and the location of approved 10-acre density areas within the southern portion of the Piceance Basin. The Application Lands are surrounded on all sides by Williams operated lands with approved 10-acre density in the Williams Fork interval. To the east, Encana has the ability to drill on 10-acre density in the Grass Mesa Unit if they so choose. To the south and southwest, Laramie Energy II obtained 10-acre density in Williams Fork and the Iles intervals. Also to the south Black Diamond Minerals obtained 10-acre density in the Williams Fork. From a Reservoir Engineering standpoint, there is nothing that differentiates the application leasehold from the surrounding areas already approved for 10-acre density.
- d. Exhibit E-2 is a map of the immediate area around the Application Lands with Williams Fork producing wells marked on the map with red symbols. The Encana GL (01B) 18-8 producing well in Section 18 was used as the Williams Fork Type Curve (typical well) for the Application Lands reserves and rate forecasts that follow. The well is located adjacent to the Application Lands, digital log data is publicly available, and the well has been on line long enough to establish a clear reserve forecast.
- e. Exhibit E-3 is the Williams Fork Type Curve for the Application Lands. The expected ultimate recovery (EUR) for the typical well in this area is 581 MMcf using the illustrated hyperbolic decline curve analysis.
- f. Exhibit E-4 is a summary of the log analyses performed on the Encana GL (01B) 18-8 well (the Type Well) highlighted in Exhibit E-2. The values for net pay, porosity, and water saturation as calculated for the Williams Fork interval are typical of Piceance Basin wells.
- g. Exhibit E-5 is a Volumetric Analysis Summary for the Williams Fork interval only using the log analysis parameters summarized on Exhibit E-4 (net pay, porosity, and water saturation). The

initial pressure was based on a normal pressure gradient to mid-perf. The Recovery Efficiency of 73% was taken from the results of the Williams Production Company Rulison Pilot Study for 10-acre density drilling. With the EUR determined from the Type Curve analysis, one can solve for the Type Well drainage area. In this case the Type Well is draining 6 acres. By increasing the frac job sizes Laramie will attempt to increase the drainage to 10 acres.

- h. Exhibit E-6 is an Economic Analysis summary of a typical Williams Fork well drilled and completed for \$1,800,000 that recovers 581 MMcf with an initial rate of 20,000 Mcf/month and selling natural gas and condensate at \$5.00/MMBtu (current pricing). Such a typical well would yield greater than a 10% Rate of Return (a positive Net Present Value discounted at 10%) and is considered commercial.
- i. Exhibit E-7 is a summary of my written testimony.
- j. Summary:
 - 1. The application area is surrounded by acreage approved for 10-acre density drilling.
 - 2. There are no known differences in the reservoirs between the application area and the areas already approved for 10-acre density.
 - 3. The nearby Williams Fork well that has available digital log data is draining approximately 6 acres. Drilling at 20-acre or 40-acre density would leave significant reserves behind and create waste.
 - 4. 10-acre density Williams Fork wells that recover 581 MMcf (Type Curve EUR) are commercial.



Robert G. Hea

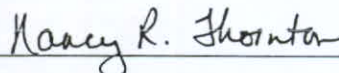
STATE OF COLORADO)

) ss

COUNTY OF DENVER)

Subscribed to and sworn to before me this 18th day of December, 2009, by Robert G. Hea, Vice President of Engineering and Operations for Laramie Energy II, LLC.

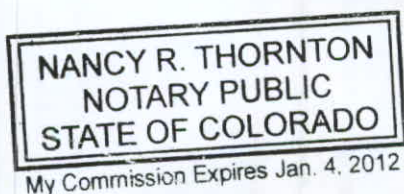
My Commission Expires: January 4, 2012

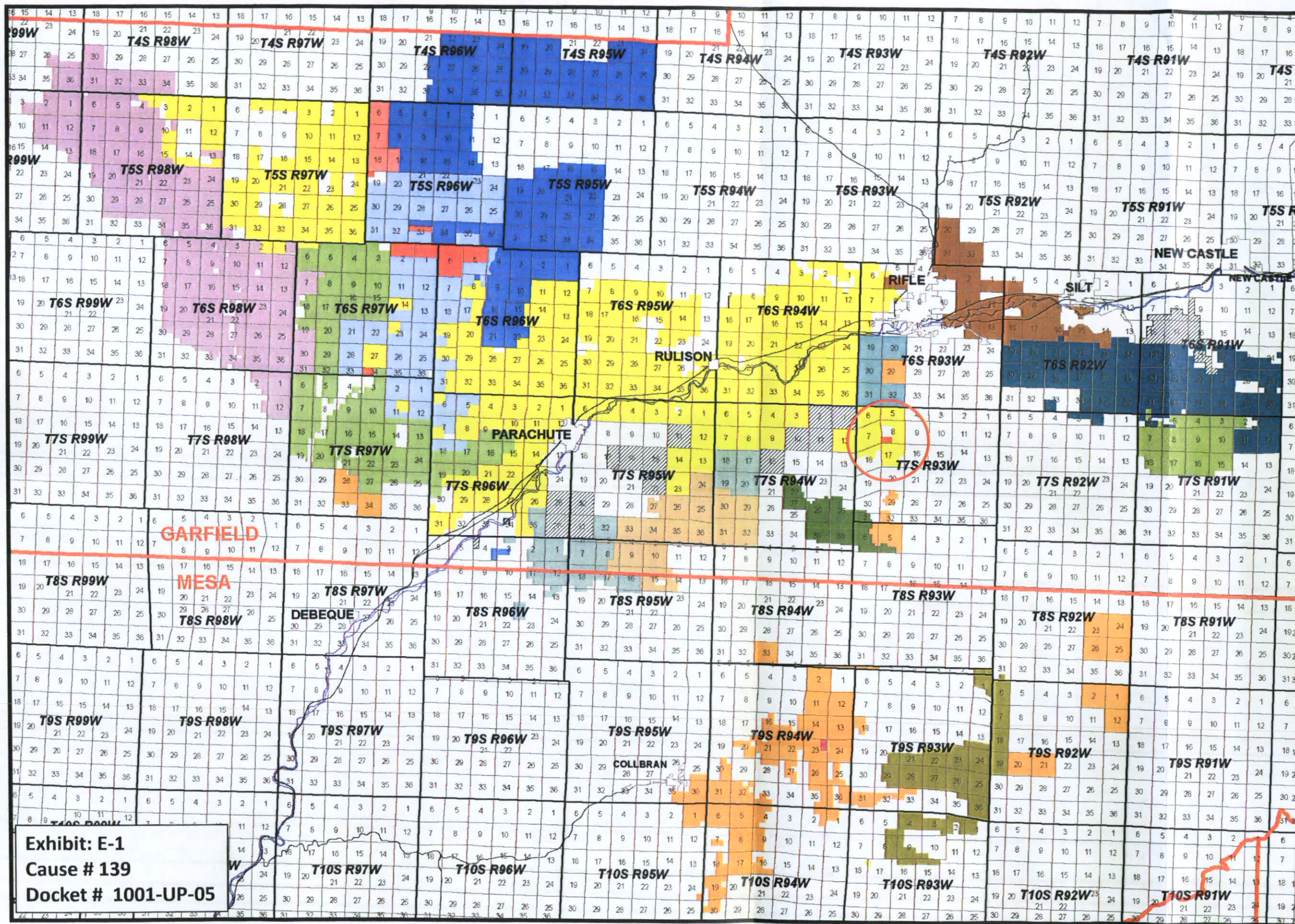


Notary Public

Address: 1512 Larimer St., Suite 1000

Denver, CO 80202



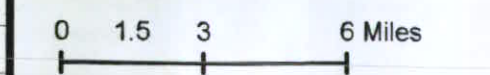


**DOWNHOLE 10-ACRE DENSITY LANDS
(COLOR-CODED BY OPERATOR)**

- Antero
- Barrett
- Berry
- Black Diamond
- Chevron
- ConocoPhillips
- Delta
- Dolphin
- Encana
- Laramie
- Noble
- OXY
- PDC
- Petrogulf
- Plains
- Presco
- Whiting
- Williams
- Windsor

DOWNHOLE 20-ACRE DENSITY LANDS

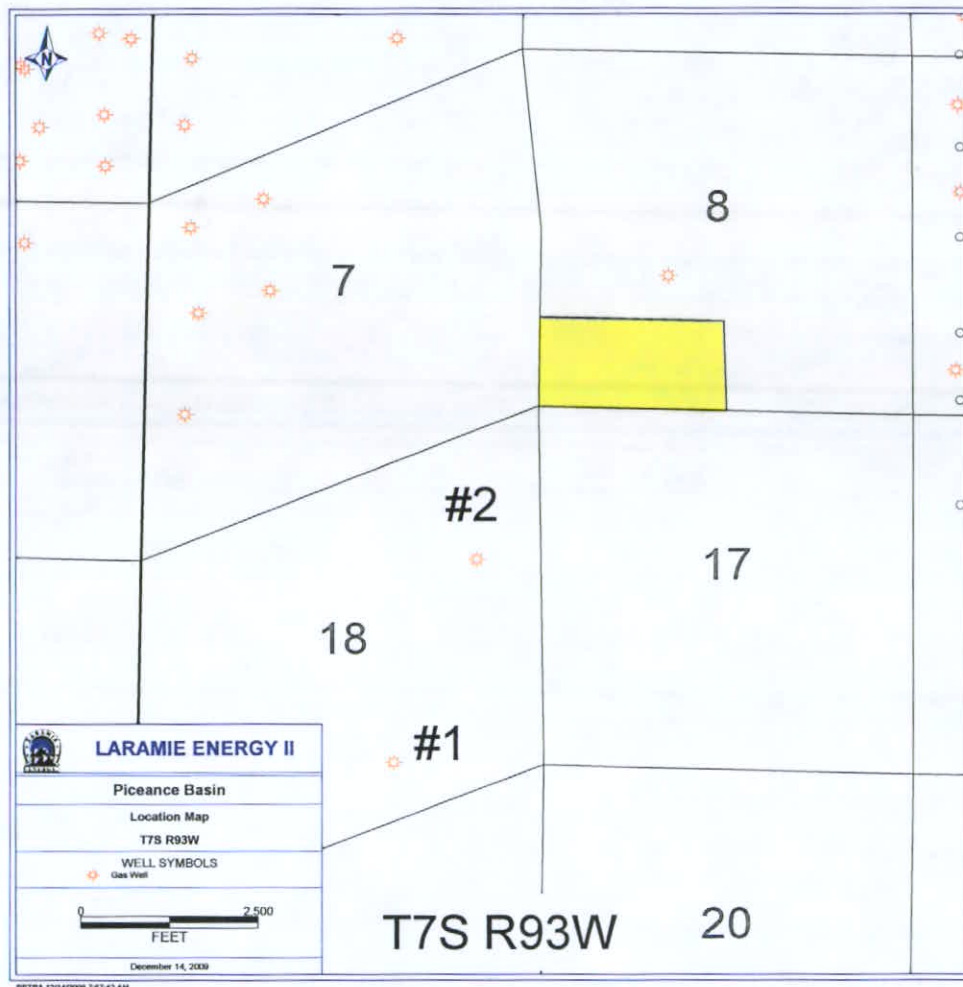
Note: Spaced lands are mapped to the nearest quarter quarter section or lot.



**DOWNHOLE 10-ACRE
DENSITY LANDS, GARFIELD
& MESA COUNTIES, COLORADO
AS OF MAY 8, 2008**

**Exhibit: E-1
Cause # 139
Docket # 1001-UP-05**

Offset Producers to Application Area (Williams Fork)



Offset Producers

1. Encana GL (O18) 18-15
2. Encana GL (O1B) 18-8 *

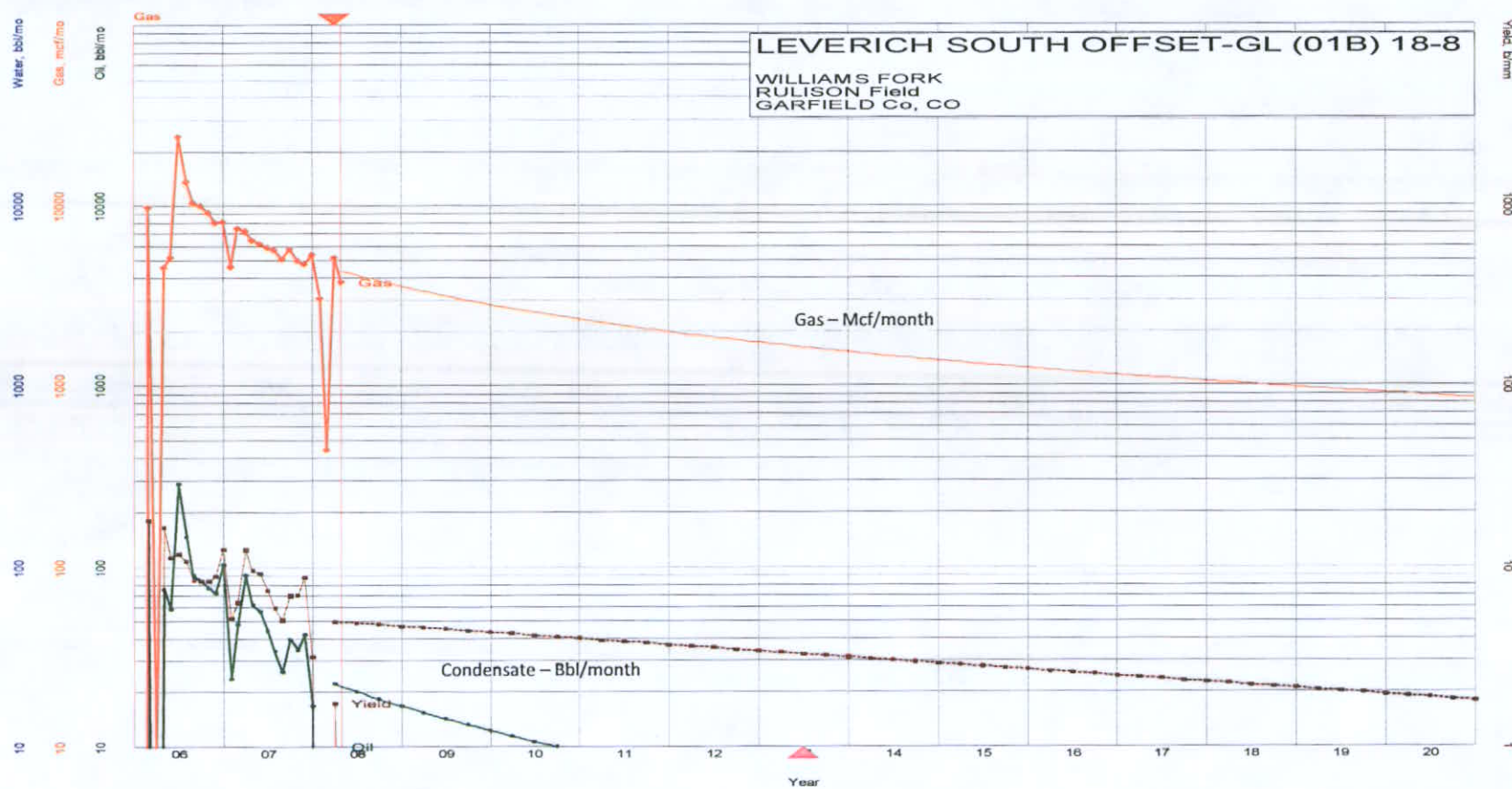
* Well with digital Log data. Used in Log Analysis and Volumetric Analysis.

Exhibit: E-2
Cause #139
Docket # 1001-UP-05

Application Lands Offset

Williams Fork Interval

Exhibit: E-3
Cause #139
Docket #1001-UP-05



Oil, bbl/mo	Gas, mcf/mo	Water, bbl/m	Yield, b/mm
Qual= 2008-Q2	Qual= 2008-Q2	Ref= 4/2008	Qual= 2008-Q2
Ref= 4/2008	Ref= 4/2008	Cum= 0	Ref= 4/2008
Cum= 2908	Cum= 255869		Cum= 0
Rem= 1019	Rem= 325626		Rem= 0
EUR= 3927	EUR= 581495		EUR= 0
Yrs= 20.079	Yrs= 20.079		Yrs= 20.079
Qref= 22.5	Qref= 4500.0		Qref= 5.0
De= 0.000000	De= 25.000565		De= 7.701102
Dmin= 0.000	Dmin= 7.000		Dmin= 0.000
b= 0.000000	b= 0.999800		b= 0.000000
Qab= 0.0	Qab= 500.0		Qab= 1.0

EUR = 581 MMcf

Williams Fork Log Analysis Well Near Application Area

#	Well	Location	Net Pay (ft)	Porosity (%)	Water Saturation (%)
1	Encana GL (01B) 18-8	18 T7S R93W	314	8.6	43.2

Exhibit: E-4
Cause #139
Docket #1001-UP-05

Williams Fork Volumetric Analysis Ties to Offset Producer Reserves

Input Parameter		<u>Source</u>
– Net Pay	314 ft	Log Analysis
– Porosity	8.6%	Log Analysis
– Water Saturation	43.2%	Log Analysis
– Initial Pressure	3350 psig	Normal Pressure
– Recovery Efficiency	73%	Williams Rulison Pilot Study
– EUR	581 MMcf	Type Curve
Output		
– Drainage Area	6 acres	Calculated

Exhibit: E-5
Cause #139
Docket #1001-UP-05

Williams Fork Drill Well

Economics

Drilling Cost:	\$1,000,000
Completion Cost:	\$ 750,000
Facilities Cost:	<u>\$ 50,000</u>
Total Cost:	\$1,800,000

Reserves:	581 MMcf
Initial Rate:	20,000 Mcf/month
Initial Decline:	Hyperbolic
Terminal Decline:	6% Exponential
Well Life:	24 Years
Pricing:	\$5.00/MMBtu
Rate of Return:	>10%

Exhibit: E-6 Cause #139 Docket #1001-UP-05
--

MARK R. PETRY

730 Garland Street
Lakewood, Colorado 80215
(303) 233-7968

Education/Professional Certifications

B.S Finance – University of Wyoming
Certified Professional Landman

Professional Experience

9/2007 to present Director of Business Development and Land Administration
Laramie Energy II, LLC

Responsibilities: New project identification, screening, and development; negotiating and managing due diligence of new acquisitions; negotiating and preparing Joint Operating Agreements, Communitization and pooling agreements; directing land administration and lease acquisition/title curative staff; and establishing and fostering partner relationships.

8/2006 to 9/2007 Director, Land
Anadarko Petroleum Corp.

Responsibilities: Directing the oil and gas land department responsible for the Rocky Mountain states with major emphasis on the exploitation of Powder River Basin coal bed methane, Wattenberg, and Natural Buttes fields and the development of over 8.1 million land grant acres in Colorado, Wyoming, and Utah; directing upper level projects, including the development of business strategies, drafting, negotiating and executing land related contracts and managing the transition and assimilation of the of three companies' land staffs, systems, and processes; providing guidance to four land managers on both technical, contractual, and personnel issues; leading a staff of 50 employees; and establishing, measuring and attaining strategic and tactical goals.

- Successfully integrated the land departments of three different companies that were experiencing significant employee turnover while maintaining aggressive drill programs. The drill programs involved net capital of over \$1.2 billion/year and the spudding of more than three operated wells/day.

4/2000 to 8/2006 Vice President/Director, Land
Western Gas Resources, Inc.

Responsibilities: Officer of the company and directing the land department responsible for all mineral, surface land, lease and contract administration, and geographic information systems for all the upstream and midstream business teams of a \$4 billion public company; with major emphasis on the exploitation of the largest acreage position in the Powder River Basin coal bed methane play and the negotiation of surface use agreements for one of the largest and most active midstream companies in the western United States; participating in, and/or directing upper level projects, including acquisition due diligence, development of business strategies, drafting and negotiating purchase and sale, joint venture, operating, farmout, and exploration agreements; leading a staff of 5 managers and 50 employees; and establishing, measuring and attaining strategic and tactical goals.

- Negotiated joint development agreement and associated joint operating agreements covering over 1 MM net joint venture acres that led to more efficient development and settled lawsuits.
- Negotiated asset and equity type purchase and sale agreements on over \$350MM of oil and gas assets.
- Directed a project to co-develop a land administration and associated GIS software system with a software company in which Western recovered its development and conversion costs of over \$1MM through increased efficiencies, lower staffing needs, and royalties on the sale of the software to other parties.
- Negotiated a 1031 like kind exchange of an expiring acreage position that would have been written off at a value of \$1MM for an acreage position with 40BCF or more of gas reserves.

**5/1998 to 4/2000 Business Development Manager
Western Gas Resources, Inc.**

Responsibilities: Managing a staff with responsibility for the business development of midstream natural gas gathering, treating, and processing assets; directing the negotiation of gas gathering, gas treating, percent of proceeds and keep whole processing arrangements; personally responsible for establishing data rooms and the negotiation of larger joint venture and purchase and sale agreements involving upstream and midstream oil and gas assets; establishing and improving client relationships; participating in the establishment of goals and objectives; and reviewing and approving all contract economics.

- Negotiated purchase and sale agreements on over \$400MM of upstream and midstream assets.
- Secured major acreage and gas throughput dedications to justify the construction of a 100 MMCFD treating facility in East Texas.

**5/1994 to 5/1998 Business Development Representative
Western Gas Resources, Inc.**

Responsibilities: Seeking new business opportunities to gather, process, or treat natural gas; negotiating related contracts; preparing economics and justification support for all proposed contracts; establishing and improving client relationships; and meeting company goals and objectives.

- Secured agreements that increased the throughput of a processing plant from 40MMCFD to 160MMCFD in six months.

**2/1991 to 5/1994 Operational Accounting Manager
Western Gas Resources, Inc.**

Responsibilities: Managing a staff responsible for the accounting of gas and liquid sales, and processing, gathering and treating fees; providing guidance and technical expertise related to residue marketing activity (revenue allocations, nominations, and imbalances); acting as liaison with operations, business

development, gas marketing, information systems, contract administration, financial accounting, and legal departments; and directing severance tax compliance.

- Directed the due diligence and transition of a \$150MM gathering and processing asset acquisition.

**12/1988 to 2/1991 Revenue Disbursements and Severance Tax Supervisor
Ladd Petroleum Corporation**

Responsibilities: Supervising and training a staff of revenue disbursement and production tax accountants; developing, testing, and implementing on-line revenue disbursement and tax calculation systems, responding to royalty and severance tax audits; and coordinating the maintenance of division order payment decks.

- Successfully negotiated a \$250K severance tax refund after reviewing gas purchase agreements that provided for tax reimbursement in the gas net back price.

**5/1983 to 12/1988 Oil and Gas Lease and Contract Supervisor
Ladd Petroleum Corporation**

Responsibilities: Supervising staff in lease and contract administration, managing lease acquisition conversions into land information system; ensuring lease and contract compliance; acting as liaison with land, accounting, tax and information systems departments; designing and implementing management system enhancements and programmatic conversions of lease and contract data.

**12/1981 to 5/1983 Land Consultant
Snyder Oil Company
Presidio Oil Company
Cockrell Oil Company
Nugget Oil Company**

Education/Professional Certifications:

- | | |
|----------------------------------|---|
| • University of Wyoming | Bachelor of Science with Honor in Finance |
| • Certified Professional Landman | |

Professional Memberships:

- | | |
|---------|--|
| • AAPL | American Association of Professional Landmen |
| • DAPL | Denver Association of Professional Landmen |
| • WAPL | Wyoming Association of Professional Landmen |
| • RMMLF | Rocky Mountain Mineral Law Foundation |

Mark G. King

2662 S. Iris St.
Lakewood, Colorado 80227

Phone: (720) 962-9163
E-mail: markking55@hotmail.com

SUMMARY OF QUALIFICATIONS

A seasoned geologist with a proven track record. Extensive experience in domestic and international development and exploration geology. Rocky Mountain tight-gas sand experience. Skilled in leading and participating on multi-national, multi-disciplined asset teams. Proficient in a variety of PC and Unix based geologic software (Petra, Geographix, Z-Map plus, CPS3, Boresight, Geolog, Power Tools, Finder, Power Log). Strong background in field operations. Excellent communication skills. Experienced in intense drilling campaign management and in asset sale and purchase evaluations.

PROFESSIONAL EXPERIENCE

Laramie Energy II, Denver, Colorado 2007 – Present

Sr. Geologist

Responsible for the development and exploitation of Rulison Field in the Piceance Basin

Williams E&P, Denver, Colorado 2005 - 2007

Sr. Staff Geoscientist

Responsible for the development and exploitation of Trail Ridge Field in the Piceance Basin.

- Drilled and evaluated 45 delineation and development wells through 2007
- Spearheaded the successful effort to gain 10 acre density in Trail Ridge Field, adding approx 2000 locations to the drilling portfolio
- Implemented pad drilling techniques leading to increased efficiencies and reduced surface disturbances
- Intimately involved in all drilling, completion and facilities activities

Medicine Bow Energy, Denver, Colorado 2004 – 2005

Sr. Geologist

Responsible for the development and exploitation of producing properties in the San Juan and Powder River Basins.

San Juan Basin

- Completed geologic evaluations to optimize acquisition, exploitation and development opportunities.
- Identified 653 development locations and added 75 BCFE in reserves.
- Provided reservoir characterization and pool evaluations to minimize drilling risk.
- Generated basin wide geologic and production maps of all producing horizons in the San Juan Basin.

Powder River Basin

- Kaye Field geologist involved with the integration of geologic and engineering data to optimize the ongoing water flood.
- Operations Geologist for the horizontal drilling campaign in the West House Creek area. Utilized geo-steering techniques to accurately place the boreholes within the target zone.

ChevronTexaco, Sumatra, Indonesia

1998 – 2003

Sr. Development Geologist

Responsible for mapping, designing and implementing steamflood projects in Duri Field.

- Lead Geologist on multi-national/multi-disciplined development team that designed and implemented 3 major steamflood projects. Results: addition of 837MM barrels of reserves. Each project has capital expenditures of \$200+ MM and well counts of 600+ per project.
- Selected by management to trouble shoot the geology of a failing \$182 MM development project. This resulted in fault remediation through pattern re-alignment.
- Mentored national geologists and engineers and liaised with Indonesian government officials.
- Consultant for all geologic projects in Duri Field.
- Spearheaded field-wide hydrogeology, wastewater disposal and slurry fracture injection projects.
- Geologic gatekeeper of all OOIP and reserve estimates of Duri Field (OOIP 5.6 BBO).

Saudi Arabian Texaco, Kuwait

1994 – 1998

Sr. Development/Operations Geologist

Responsible for the development and exploitation of multiple reservoirs in Wafra Field.

- Team Leader and Lead Geologist of asset management team that designed, implemented and completed a successful 50 well (\$62 MM / 64 MMBO) infill drilling project.
- Lead Geologist on a development team that designed, drilled and completed a 13 well pilot project resulting in an incremental 16,000 BOPD at a cost of \$15 MM and a reserve addition of 19 MMBO. This reservoir was in "harvest mode" prior to being correctly mapped & revitalized.
- Lead Geologist on a reservoir pressure maintenance project, implementing the first water flood in the Partitioned Neutral Zone. This \$118 MM project involved drilling 41 vertical and horizontal injector and producing wells.
- Designed logging and coring programs.
- Selected perforation intervals and made completion design recommendations.
- Developed bidding processes and awarded service contracts for outsourced geologic work.
- Supervised wireline logging, coring and mudlogging activities.
- Completed reservoir characterization studies, sequence stratigraphy projects, petrophysics, detailed reservoir mapping and cross sections for major producing intervals in Wafra field using geologic computer software.

Texaco Inc., Denver, Colorado

1993 – 1994

Development Geologist

Responsible for development and exploitation of producing properties in San Juan and Paradox Basins.

- Generated 220 new San Juan Basin development locations through computerized mapping.
- Drilled 5 successful development wells and 1 rank exploration well.
- Constructed detailed reservoir maps and cross sections and completed formation evaluation/wireline log analysis of all pay zones.
- Selected perforation intervals and made recommendations regarding completion practices.

Texaco Middle East/Far East, Denver, Colorado

1991 – 1993

Exploration Geologist.

Responsible for the completion of regional and field wide geologic studies in Thailand and Malaysia.

- Analyzed and made recommendations of new venture opportunities in NW Thailand.
- Performed geologic evaluations and made recommendations on acquiring producing properties in the Pattani, Suphan Buri and Kampaeng Saen Basins.
- Compiled and analyzed field statistics and completed a cumulative probability study of field size distribution of the existing fields in Thailand.
- Mapped regional trends and prototype fields.
- Developed the bidding process and awarded service contracts for outsourced geologic work.
- Liased with Thai and Malaysian government officials.

Texaco USA, Denver, Colorado

1981 -1991

Exploration Geologist.

Responsible for the generation of exploration prospects and plays throughout the Rockies.

- Mapped clastic and carbonate sequences of all geologic ages and depositional environments within the Greater Green River, Paradox, Eagle, Uinta, and Piceance Basins.
- Drilled 5 rank exploration wells.
- Completed regional structural, stratigraphic and facies maps.
- Designed testing, logging and coring programs.
- Completed 2D seismic interpretations.
- Supervised geologic wellsite operations.
- Completed lease portfolio analysis and recommendations.

Texaco USA, Midland, Texas

1979 - 1981

Petroleum Geologist.

Responsible for generating exploration prospects in the northern Delaware Basin.

- Mapped and cross-sectioned the Pennsylvanian Atoka Carbonate Bank in the Delaware Basin.
- Generated numerous locations and drilled 2 exploration wells.

EDUCATION

B.A., Geoscience, Jersey City State College, Jersey City, New Jersey

M.S., Geology, University of Toledo, Toledo, Ohio

Robert G. Hea
61 Glenmoor Drive
Cherry Hills Village, CO 80113
Office: (303) 339-4925

SUMMARY

Twenty-seven years of Exploration & Production experience including twenty-four years of Facility, Production, and Reservoir Engineering in addition to three years of Business Analysis in a Financial Planning & Controls capacity. Currently the Vice President of Engineering and Operations for Laramie Energy II, LLC.

PROFESSIONAL EXPERIENCE

Laramie Energy II, LLC.

9/07 - Present

Vice President of Engineering & Operations

Denver, CO

Responsible for all Reservoir, Production, and Facility Engineering functions within the Company and supervision of Operations.

Laramie Energy, LLC.

5/05 - 8/07

Senior Operations/Reservoir Engineer

Denver, CO

Build and maintain Company Reserves database, evaluate reservoir performance to optimize drilling locations and completion practices. Evaluate third party exploration and acquisition opportunities. Assist with Facility Engineering projects as needed (pipeline, compression, and processing plant projects).

Forest Oil Corp.

1/97 - 4/05

Gulf Coast Region Reservoir Engineering Manager (4/03 - 4/05)

Denver, CO

Working Manager supervising five Offshore and four Onshore Reservoir Engineers plus Technicians responsible for all Reservoir Engineering functions of the Gulf Coast Business Unit. Responsibilities include technical review of all drilling, recompletion, and workover proposals, acquisition evaluations, and reservoir studies along with coordination of quarterly reserve report updates, annual insurance underwriting, FAS 143 estimations, annual budget generation, and special projects. Charged with managing a \$250MM capital budget.

Offshore Engineering/Asset Manager (11/97 - 3/03)

Denver, CO

Supervised and coordinated Reservoir Engineering, Production Engineering, and Production Operations departments. Coordinated Business Unit activities to meet Production, F&D Cost, and Lifting Cost goals. Served as final technical reviewer of all capital and expense projects, both Exploration and Development, prior to VP approvals. Assisted with Bank and Analyst presentations and prepared press releases as needed. Offshore Business Unit was merged with the Onshore Business Unit in April 2004 and became the Gulf Coast Region.

Sr. Reservoir Engineer - Offshore (1/97 - 10/97)

Denver, CO

Working level Reservoir Engineer assigned numerous Offshore Fields and charged with monetizing reserves. Active in Lease Sale and Acquisitions analyses.

Vastar Resources, Inc.

7/93 - 1/97

Senior Operations/Analytical Engineer - Offshore (12/95 - 1/97)

Houston, TX

Reservoir Engineer and Exploitation Team Leader for multiple Vastar operated GOM fields. Performed reservoir studies and recommended Exploration and Development projects to monetize reserves. Co-authored SPE Paper on various Horizontal Drilling Technologies for shallow offshore gas reservoirs.

Exploration and Offshore Business Analyst - FP&C Department (7/93 - 11/95)

Houston, TX

Tracked financial performance of Vastar's \$300MM/yr Exploration and Development program. Provided management updates concerning capital and expense spending, reserve additions, drilling statistics, overall program performance and recommended changes to meet program goals. Served as liaison with tax department, Investor Relations, and Public Relations departments regarding external reporting. Coordinated annual E&P budget. Project coordinator for annual Company reserve audit. Assisted in preparation of Vastar's S-1 Registration Statement used in IPO effort. Primary Exploration and Production liaison with Coopers and Lybrand during audits of financial statements (S-1, S-3, 10Q, 10K).

ARCO Oil & Gas Co.

1/82 – 6/93

Reservoir Engineer – Offshore Joint Interest Business Unit (1/90 – 6/93)

Houston, TX

Performed economic and technical evaluations of capital projects for non-operated Offshore Joint Interest Fields.

Operations/Analytical Engineer - Onshore Business Unit (4/85 – 1/90)

Houston, TX

Responsible for performance and profitability of onshore ARCO operated South Texas oil and gas fields including implementing development drilling programs, workovers, and stimulation programs, and coordinating state and federal regulatory filings for producing oil and natural gas wells. Served as District Hydraulic Fracturing Coordinator responsible for review of all well stimulations in South Texas. Served as NGPA Section 107 Tight Gas Tax Credit Coordinator that resulted in receiving over \$5,000,000 in annual tax credits.

Production Engineer (1/84 – 3/85)

Corpus Christi, TX

Designed workovers and recompletions of onshore South Texas producing gas wells. Sized and installed compressor stations, gas dehydration systems, and amine sweetening systems meeting gas pipeline specifications.

Facilities Engineer (1/82 – 12/83)

Houston, TX

Engineer responsible for the design, bidding, and on-site construction supervision of South Texas onshore natural gas separation, compression, sweetening, and metering facilities and flowlines.

EDUCATIONAL BACKGROUND & TRAINING

University of Missouri at Rolla - BSME (1981)

Member - Society of Petroleum Engineers

Toastmasters International (CTM)