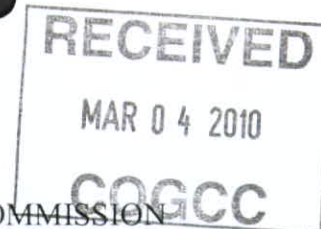




ORIGINAL



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

IN THE MATTER OF THE PROMULGATION AND
ESTABLISHMENT OF FIELD RULES TO GOVERN
OPERATIONS IN THE MAMM CREEK FIELD,
GARFIELD COUNTY, COLORADO

CAUSE NO. 191

ORDER NO. 191-58

DOCKET NO. 1001-GA-01

PROTESTANTS LIST OF WITNESSES AND EXHIBITS

Protestants, James R. Carnahan and Colleen Carnahan, hereby files their list of witnesses and exhibits pursuant to Rules of Practice and Procedure 500 and the Notice of Hearing in this matter as follows:

WITNESSES:

1. James R. Carnahan, 29641 Hwy 6 & 24, Rifle, Colorado 81650, (970) 625-3480.
2. Mary Ellen Denomy, CPA, P.O. Box 578, Parachute, Colorado 81635, (970) 989-5135.
3. Brian F. Wade, Landman for Antero Resources Piceance Corporation, through counsel, William A. Keefe, 216 Sixteenth Street, Suite 1100, Denver, Colorado 80202.
4. Any witnesses presented by Applicant.

EXHIBITS:

1. Report by Mary Ellen Denomy regarding Antero Resources Piceance Corporation, Applicant and James R and Colleen Carnahan dated December 11, 2009
2. Curriculum Vitae for Mary Ellen Denomy
3. Color map of Carnahan property
4. Previous Orders of the COGCC.
5. Any exhibits presented by applicant.


CERTIFICATE OF SERVICE:

The undersigned hereby certifies that Protestants List of Witnesses and Exhibits was served on the attorneys for Applicant by first class mail on this 2nd day of March, 2010, which is at least (21) days before the hearing, which is scheduled for March 25, 2010, as follows:

William A. Keefe
216 Sixteenth Street, Suite 1100
Denver, CO 80202-5115

Respectfully submitted this 2nd day of March, 2010.

DUFFORD, WALDECK, MILBURN &
KROHN, L.L.P.

By: 

Nathan A. Keever #24630
744 Horizon Court, Suite 300
Grand Junction, CO 81506
Phone - (970) 241-5500
Fax - (970) 243-7728
keever@dwmk.com
Attorneys for Protestant

REPORT BY MARY ELLEN DENOMY – DECEMBER 11, 2009

Exhibit No. 1

Applicant: Antero Resources

Exhibit Author: Nate Keever

Cause No: 191

Docket No. 1001-GA-01

Exhibit Type: Report

County/ Field: Garfield/Mamm Creek Williams Fork

December 11, 2009

Nathan A Keever
Attorney at Law
Dufford, Waldeck, Milburn and Krohn
744 Horizon Court, Suite 300
Grand Junction, Colorado 81506

Re: Antero Resources Piceance Corporation, Applicant
James R and Colleen Carnahan, Protestants

Colorado Oil and Gas Conservation Commission, Cause NO. 191, Docket NO. 1001-GA-01

Dear Mr. Keever:

Introduction

I am a Certified Public Accountant, with a specialty in oil and gas accounting. For the last thirteen(13) years most of my time has been spent on royalty review and verification, leases, surface use agreements, site reviews, technological tours, negotiations, royalty taxation and credits and working interest audits for numerous clients encompassing various oil and gas companies and governmental agencies across the state of Colorado. I have been an expert witness in several cases in Colorado.

My qualifications may be found in my Curriculum Vitae, attached to this report as "Exhibit A."

Background

The Carnahans own 50% of the minerals in approximately 36.845 acres in the NE/4 of Section 12, T6S, R93W, 6th PM. All of these minerals are currently subject to Commission Order No. 191-37 entered November 8, 2006. Order No. 191-37 contains a total of approximately 186.3 acres. This order was applied for and evidence was provided by Antero to establish 186.3 acres as the appropriate number of acres to drain the minerals without waste and also protecting correlative rights. The Carnahans minerals are unleased. No wells have been drilled within the approximate 186.3. acres.

REPORT BY MARY ELLEN DENOMY - DECEMBER 11, 2009

Exhibit No.	1 (Page 1 of 5)
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Antero has applied to separate the original 186.3 acres into 2 separate spacing units, consisting of approximately 154.36 acres and the Carnahans' approximate 36.845 acres. Spacing units are established by Orders issued by the Colorado Oil and Gas Conservation Commission when a "common source of oil, gas and associated hydrocarbons... underlies" a formation I have seen no documented evidence presented by Antero, nor has there been production within the original 186.3 spacing unit to prove that this separation is a more appropriate "common source of oil and gas" than the original Commission Order has already established.

Correlative Rights

After calculating the value to the Carnahans, commensurate with the separation of their acres from the original 186.3-acre spacing, I have determined that the Carnahans' would sustain a loss between \$104,000 to \$173,000. This is based on the information provided by Antero for the Commission Order 191-37, that each well is expected to produce 730,000 mcfs. I have applied an 18% royalty rate, which is comparable to many leases in the area. The range was established by using a \$3, \$4 and \$5 per mcf price for each mcf produced from the wells. I have attached the Worksheet that shows the calculations for the loss of Correlative Rights to the Carnahans.

Waste

In addition, to infringing on the correlative rights of the Carnahans, the separation of the acreage also creates a waste of minerals that become undevelopable. This new separation application requires a 100 foot "buffer" on both sides of the acreage being separated and other acreages surrounding the 36.845 acres. This "buffer" results in about 5.6 acres that will now no longer be developable. This is waste of the potential of these minerals.

Summary of Opinions

- I. The separation of the original 186.3 spacing unit will cause the Carnahans to lose between \$104,000-\$178,000 of their correlative rights.
- II. The separation of the original 186.3 spacing unit will cause 5.6 acres to become undevelopable and therefore, is wasted mineral resources.
- III. The 186.3-acre spacing unit applied for by Antero approved by the Colorado Oil and Gas Conservation Commission as Order No.191-37 on November 8, 2006 indicates that all 186.3 acres are one common source of oil, gas and associated hydrocarbons. Without any wells producing from the original spacing unit, there is no evidence that this spacing unit warrants the separation that Antero is asking for,

REPORT BY MARY ELLEN DENOMY - DECEMBER 11, 2009

<u>Exhibit No.</u>	1 (Page 2 of 5)
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- IV. Separating the spacing unit into 2 separate units consisting of 154.36 acres and the Carnahans' 36.845, would infringe on the correlative rights of the Carnahans and create waste of the minerals.

Respectfully submitted,

Mary Ellen Denomy

Mary Ellen Denomy, CPA, APA, CMM, CFD, CFFA

This letter is solely for your use in connection with the above referenced hearing and is not to be used, referred to or distributed for any other purposes. I reserve the right to supplement and/or update this report based upon circumstances, events and/or new information that I receive until the hearing date. Such information may be obtained from other experts, documents, depositions or testimony of other witnesses. Additionally, the work I performed was not and should not be considered an audit, review or compilation under Generally Accepted Accounting Principles.

REPORT BY MARY ELLEN DENOMY – DECEMBER 11, 2009

<u>Exhibit No.</u>	1 (Page 3 of 5)
<u>Applicant:</u>	Antero Resources
<u>Exhibit Author:</u>	Nate Keever
<u>Cause No:</u>	191
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<u>Exhibit Type:</u>	Report
<u>County/ Field:</u>	Garfield/Mamm Creek Williams Fork

Carnahan and Antero Resources Piceance Corporation Hearing
Cause No. 191
Docket No. 1001-GA-01
M.E. Denomy, CPA, APA, CMM, CFD, CFFA

Waste of Mineral Development

Carnahans own 50% of 36.845 acres.

If the 186.30 spacing filed in Commission Order No 191-37 entered November 8, 2006 is separated into parcels of 154.36 acres and 36.845 waste would be created by the separation in the following manner:

The separation of the acreage would create a 100-foot "buffer" on both sides of the acreages being separated, which becomes a total of 200 feet surrounding the entire 36.845 acres.

A full section is 640 acres, so 36.845 acres is 5.757031% of a full section(36.845/640).

An acre contains 43,560 square feet.

Each side of a section contains 5,280 feet.

5.5757031% of each side equals 304 feet per side of the 36.845 acres.

200-foot buffer times 304 feet per side equals 60,800 feet per side that now becomes undevelopable.

4 sides times 60,800 feet equals 243,200 feet that now becomes undevelopable and wasted.

This amounts to 5.6 acres of undevelopable and wasted minerals. (243,200 feet/43,560 square feet per acre).

REPORT BY MARY ELLEN DENOMY – DECEMBER 11, 2009

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Carnahan Correlative Rights

Number of Wells	Spacing Unit	Royalty Rate	% Owned	Total MCF per well	Average Price per MCF	Total Income Per Well	Grand Total	Carnahan Share of Income
10 Acre Spacing								
18	186.3	18%	50%	730,000	\$3.00	\$2,190,000.00	\$39,420,000.00	\$701,656.96
3	36.845	18%	50%	730,000	\$3.00	\$2,190,000.00	\$6,570,000.00	\$597,707.78
Value of	Mineral	Rights	Lost	at \$3.00/mcf				\$103,949.18
18	186.3	18%	50%	730,000	\$4.00	\$2,920,000.00	\$52,560,000.00	\$935,542.61
3	36.845	18%	50%	730,000	\$4.00	\$2,920,000.00	\$8,760,000.00	\$796,943.70
Value of	Mineral	Rights	Lost	at \$4.00/mcf				\$138,598.90
18	186.3	18%	50%	730,000	\$5.00	\$3,650,000.00	\$65,700,000.00	\$1,169,428.26
3	36.845	18%	50%	730,000	\$5.00	\$3,650,000.00	\$10,950,000.00	\$996,179.63
Value of	Mineral	Rights	Lost	at \$5.00/mcf				\$173,248.63

REPORT BY MARY ELLEN DENOMY - DECEMBER 11, 2009

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Exhibit Author: Nate Keever
Cause No.: 191
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Exhibit Type: Report
County/Field: Garfield/Mamm Creek Williams Fork

MARY ELLEN DENOMY CURRICULUM VITAE

Exhibit No. 2

Applicant: Antero Resources

Exhibit Author: Nate Keever

Cause No: 191

Docket No. 1001-GA-01

Exhibit Type: Curriculum Vitae

County/ Field: Garfield/Mamm Creek Williams Fork

**Curriculum Vitae
For
Mary Ellen Denomy
Certified Public Accountant
Accredited Petroleum Accountant
Certified Mineral Manager
Certified Fraud Deterrent Analyst
Certified Forensic Financial Analyst**

P.O. Box 578

Parachute, Colorado 81635

Telephone: (970) 989-5135 - Fax: (970) 285-1113

medenomy@hughes.net

Academic Background

Wayne State University, Detroit, Michigan, USA

- Bachelor of Science with Distinction
- June, 1979
- Accounting Major

Walsh College, Rochester, Michigan, USA

- Government, Not-for-Profit Accounting

Marygrove College, Detroit, Michigan

- Education Course

AICPA, Jersey City, New Jersey, USA

- Controllers Workshop
- Advanced Estate Planning
- Industry Conference

Colorado Society of Certified Public Accountants, Denver, Colorado, USA

- Professional Ethics
- Income Tax Updates
- Litigation Support
- Petroleum Accounting
- Financial Planning

Colorado School of Mines

through UTEC, Grand Junction, Colorado USA

MARY ELLEN DENOMY CURRICULUM VITAE

<u>Exhibit No.</u>	2 (Page 1 of 6)
<u>Applicant:</u>	Antero Resources
<u>Exhibit Author:</u>	Nate Keever
<u>Cause No:</u>	191
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<u>Exhibit Type:</u>	Curriculum Vitae
<u>County/ Field:</u>	Garfield/Mamm Creek Williams Fork

- Petroleum Technology

Professional Development Institute, University of North Texas, Denton, Texas

- Petroleum Accounting
- Royalty Accounting

Colorado Mountain College, Glenwood Springs, Colorado, USA

- Education Course
-

Professional Experience

The Savage Companies: Buffalo Basin Limited, Savage Limited Partnership I, Savage Ranches, Tri-County Ambulance, Empyrean Publishing, The Millenium Foundation, Savage Outfitting and Charters, Rifle, Colorado, USA

Controller, 1996 to 2008

- All accounting, taxes and payments for family businesses, including ambulance service, publishing company, non-profit foundation, subdivision development, oil and gas development, oil shale development, residential building, ranching, outfitting, sailing charters
- Oversee 50-75 employees and subcontractors
- Directly responsible for preparing documents and testimony for court cases

Costello, Allyn & Co, Grand Junction, Colorado, USA

Staff Accountant, 1995

- Accounting, tax preparation, reviews for 75 clients

Monahan, Lampman & Co, Glenwood Springs, Colorado, USA

Staff Accountant, 1993-1994

- Accounting, tax preparation, auditing for 250 clients

Woods Accounting, Grosse Pointe Woods, Michigan, USA

MARY ELLEN DENOMY CURRICULUM VITAE	
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<u>Exhibit Type:</u>	Curriculum Vitae
<u>County/ Field:</u>	Garfield/Mamm Creek Williams Fork

Owner, Chief Accountant for Public Accounting Firm, 1983-1993

- Accounting, tax preparation for 650 clients
- 10 employees

Executive Tax Service, St Clair Shores, Michigan, USA

Staff Accountant, 1980-1983

- Payroll preparation for 25 employees
- Accounting, tax preparation for 200 clients
- Teaching advanced tax courses to employees

Dominican High School, Detroit, Michigan, USA

Educator, 1979-1980

- Taught high school business courses
 - Taught adult education business courses
-

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Council of Petroleum Accountants Societies
- National Association of Royalty Owners
- National Association of Division Order Analysts
- National Association of Certified Valuation Analysts

Awards

- Recipient of Colorado Society of Certified Public Accountants' Colorado CPA Making a Difference Award-2002

Community Services

- Musical Director, Glenwood Hot Strings Community Non-Profit Band (play violin, bass, banjo, guitar, sax, keyboards, sing, music writer)
- Violinist in the Symphony in the Valley, Glenwood Springs, Colorado
- AARP Volunteer Income Tax Preparer

MARY ELLEN DENOMY CURRICULUM VITAE

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Professional Experience and Services

- Testified for litigation concerning records lost in an arson case in Michigan
- Testified and submitted financial reports on numerous occasions in front of the Colorado Oil and Gas Conservation Commission (televised)
- Trainer royalty owners, government officials, federal legislators
- Expert witness: oil and gas litigation
 - *Savage vs. Barrett Garfield County 98 CV 161
 - *Clough vs. Williams Production RMT Company Garfield County 02 CV 32
 - *Celeste Grynberg et al vs Williams Production RMT Company Denver District Court 02 CV 5167
 - *Miller et al vs EnCana Oil & Gas(USA)Inc, Denver District Court 05 CV 2753 (fairness hearing)
- Expert witness: other litigation
 - *Alderson vs Alderson-Cooley, Garfield County 06 DR 132
 - *LaRose vs Ridgeway, Garfield County, 97 DR 184
- Attended U.S. Department of the Interior's Minerals Revenue Management training sessions
- Garfield County Oil and Gas Tax Auditor
- Rio Blanco County Oil and Gas Tax Auditor
- Private auditor for oil and gas working interest owners
- Nationwide oil and gas consultant
- Western slope campaign manager for Gail Schoettler for Governor campaign
- Accredited by the State of Colorado Regional Assessment Education Program in: 1) Oil and Gas Pipeline Valuation 2) Oil and Gas Equipment 3) Oil and Gas Netback
- Expert Witness for the New Mexico Oil and Gas Commission
- Auditor for the Northern Ute Indian Tribe
- Expert Witness at the fairness hearing for the Miller vs EnCana class action lawsuit
- Federal GAO consultant
- Consultant for Federal legislators, FERC commissioners, state of Colorado auditors(wrote protocols for proper audits), Colorado Governor, Treasurer and state of Colorado legislators
- National consultant for governments and private individuals, including states of Alaska, Texas, Oklahoma, Massachusetts, New Mexico, Michigan, Colorado, Virginia, New York, Washington, California,

MARY ELLEN DENOMY CURRICULUM VITAE

Exhibit No.	2 (Page 4 of 6)
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Exhibit Type:	Curriculum Vitae
County/ Field:	Garfield/Mamm Creek Williams Fork

Utah, Wyoming, Louisiana, North and South Dakota,
Arkansas

- Monthly columnist for the Grand Valley Echo

Speaking Engagements

- Speaker in front of State Legislature concerning oil and gas legislation-2002, 2005, 2006 and 2007
- Speaker for the Department of Agriculture Ad Hoc Committee on oil and gas-2002
- Presenter on surface and royalty issues for the Northwest conference on oil and gas
- Presenter on oil and gas issues for Colorado Leadership Training seminars
- Speaker for the Bureau of Land Management conference
- Speaker for the National Association of Royalty Owners Association Conferences
- Speaker for Community Alliance of Yampa Valley on oil and gas surface issues
- Speaker at Colorado Counties, Inc conference
- Speaker at Colorado Assessors' Association conferences
- Speaker for the Colorado Cattlemen's Association
- Speaker for the Farm Bureau
- Speaker at Western Colorado Congress Annual Meeting
- Trainer for Oil and Gas Accounting for Colorado Assessors' Association
- Speaker for Grand Valley Citizens Alliance
- Speaker for the Ninth Judicial District Attorneys
- Speaker for the Southwest Kansas Royalty Owners' Association
- Speaker for University of North Texas Institute of Petroleum Accounting Professional Development Institute
- Speaker for Bell Policy Center
- Speaker for Kiwanis' Meetings
- Speaker for Garfield County Energy Advisory Board

Board Memberships

- President of National Association of Royalty Owners-Rocky Mountain Chapter
- Member of the Board of Examiners for Council of Petroleum Accountants' Societies
- Board of Trustees-Colorado Mountain College

MARY ELLEN DENOMY CURRICULUM VITAE	
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County/ Field:	Garfield/Mamm Creek Williams Fork

- Past Chairman for National Advisory Council for the National Association of Royalty Owners-National Office
- Past Treasurer of National Association of Royalty Owners-Rocky Mountain Chapter

December 12, 2009

MARY ELLEN DENOMY CURRICULUM VITAE

<u>Exhibit No.</u>	2 (Page 6 of 6)
<u>Applicant:</u>	Antero Resources
<u>Exhibit Author:</u>	Nate Keever
<u>Cause No:</u>	191
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COLOR MAP OF JAMES CARNAHAN PROPERTY

Exhibit No. 3

Applicant: Antero Resources

Exhibit Author: Nate Keever

Cause No: 191

Docket No. 1001-GA-01

Exhibit Type: Land Map

County/ Field: Garfield/Mamm Creek Williams Fork

JAMES R. CARNAHAN

COLOR MAP OF JAMES CARNAHAN PROPERTY

Exhibit No.	3
Applicant:	Antero Resources
Exhibit Author:	Nate Keever
Cause No:	191
Docket No.	1001-GA-01
Exhibit Type:	Land Map
County/ Field:	Garfield/Mamm Creek Williams Fork

