



MINERAL RESOURCES, INC. REQUEST FOR APPROVAL PURSUANT TO  
COGCC RULE 511. b.

This is the request of Mineral Resources, Inc. ("Mineral Resources") for the approval of the following Applications pursuant to COGCC Rule 511.b. and COGCC Procedure for Requesting Approval of Uncontested Hearing Applications under Rule 511.b. and C.R.S. § 34-60-108(7):

APPLICATIONS, DOCKET AND CAUSE NOS.

This request covers the following Applications, Docket and Cause Nos.:

LANDS COVERED	DOCKET NO.	CAUSE NO.
T5N, R65W		
1. E/2SW/4 of Section 17 and W/2SE/4 of Section 17 Unit 1	0701-UP-1	1 & 407
2. S/2NE/4 of Section 17 N/2SE/4 of Section 17 Unit 2	0701-UP-2	1 & 407
3. S/2SW/4 of Section <sup>16</sup> 21 and N/2NW/4 of Section 21 Unit 3	0701-UP-3	1 & 407
4. N/2NW/4 of Section 21 Unit 4	0701-UP-4	1 & 407
5. SW/4 of Section 17 Unit 5	0701-UP-5	1 & 407
6. S/2NE/4 of Section 17 Unit 6	0701-UP-6	1 & 407

The six applications are made pursuant to Rule 318 A of the rules and regulations of the COGCC effective March 1, 2006. The applications are for the following number of wells and the designation of the following drilling and spacing units pursuant to COGCC Rule 318 A.

Unit 1 is for one well and production from one 160-acre Wellbore Spacing Unit as defined by Rule 318 A and all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

Unit 2 is for one well and production from one 160-acre Wellbore Spacing Unit as defined by Rule 318 A and all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

Unit 3 is for one well and production from one 160-acre Wellbore Spacing Unit as defined by Rule 318 A and all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

Unit 4 is for two wells and the designation of an 80-acre drilling and spacing unit for production from all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

Unit 5 is for five wells and the designation of a 160-acre drilling and spacing unit for production from all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

Unit 6 is for two wells and the designation of an 80-acre drilling and spacing unit for production from all of the Cretaceous Age formations from the base of the Dakota to the surface, to include but not be limited to the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

The twelve (12) wells that are planned for Units 1 through 6 are a part of a larger well directional drilling program of up to twenty-three (23) wells being conducted by Mineral Resources from a common drill site of approximately eleven (11) acres. Mineral Resources owns the land included in the drill site and is utilizing the drill site to access oil and gas resources under the City of Greeley that would otherwise not be accessible by conventional vertical drilling operations. The current "up to twenty-three well" drilling program is in addition to a prior eleven (11) well drilling program conducted from the common drill site by Mineral Resources in 2005.

The applications identified above are candidates for approval pursuant to the provisions of Rule 511. b. because they are uncontested applications after due notice to all interested parties and because they are "duplicate" applications to applications made by Mineral Resources in connection with eleven (11) wells that were approved by the COGCC on June 21, 2005.

## BIOGRAPHICAL INFORMATION FOR LOGAN RICHARDSON

The biographical information for Logan Richardson is attached. Mr. Richardson is the witness whose sworn testimony is summarized below.

## SWORN WRITTEN TESTIMONY OF LOGAN RICHARDSON

Each of the applications is for the involuntary pooling of the interests of the owners, as defined by the Oil and Gas Conservation Act, identified on the six Exhibits A attached hereto on a Unit by Unit basis, and for the designation of the drilling and spacing units described in the Applications and above.

Consistent with the procedures used in the prior "duplicate" Applications for the Mineral Resources eleven (11) well directional program that were approved administratively, I determined the identity of the owners of the oil and gas in and under each of Units 1 through 6 identified above by researching the tract indices of Stewart Title Company in Greeley, Colorado and then by researching the records of the Clerk and Recorder of Weld County, Colorado.

Once the identities of the owners of the oil and gas were identified by my records search, I, on behalf of Mineral Resources, sent each owner a letter that included an offer to lease which offer was on terms and conditions that were competitive for the area and which had been accepted by other owners in the same proposed Units. In many cases, no response was received from the owners. In the same letter, Mineral Resources gave each owner the opportunity to participate in the drilling of the well or wells that were described in the letter as well as the opportunity to sell the recipient's mineral interest to Mineral Resources. A representative example of the letter sent to each owner is attached hereto as Exhibit B. I sent an original of the letter to each owner identified on Exhibit A and Mineral Resources has received no reply from the owners identified on Exhibit A with three exceptions. In each of these instances, the owner has stated an intention to participate, but as of the date of this filing, no firm election to participate has been made. If such a firm election is made, Mineral Resources will honor the election to participate. More than thirty (30) days have elapsed since the letters were sent to the owners in the Units and as a result, each of those owners is a "nonconsenting owner" as defined by COGCC Rule 530. a.

The letters offering the owners in the Units the opportunity to participate included all of the information required by COGCC Rule 530. a. including the following:

1. The location and objective depth of the well(s) described in each letter.
2. The estimated drilling and completion costs of the well(s).
3. The estimated spud date for the well(s) or range of time within which spudding is to occur.

4. An AFE prepared by Mineral Resources containing the information required by COGCC Rule 530. a. together with such additional information deemed appropriate by Mineral Resources.

ATTESTATION

I, Logan Richardson, attest and affirm that I am employed by Mineral Resources, Inc. and that the foregoing sworn written testimony is true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Logan Richardson

EXHIBITS

Exhibits A and B are attached hereto on a Unit by Unit basis.

**Logan A. Richardson**  
2005 24<sup>th</sup> Street  
Greeley, Colorado 80631  
970-590-7506

**Oil and Gas Experience:**

May 2004 - Present  
Mineral Resources, Inc.,  
Land Manager

I have served as land manager for Mineral Resources, Inc. for over two and one-half years. I have been actively involved in title research and leasing activities, including correspondence with land owners in various locations within the DJ Basin. These activities include the applications and orders for the Mineral Resources, Inc. eleven well directional drilling program previously approved by the commission in October 2005.

**Education:**

August 2002 - December 2004  
Colorado State University  
Graduated  
Diploma, BS Business Finance

August 1999 - May 2000  
University of Utah  
General Studies

EXHIBIT "B"  
UNIT 4



MINERAL RESOURCES, INC.

Mail: P.O. Box 328, Greeley, Colorado 80632 Phone: 970.352.9446 Fax: 800.850.9334

July 28, 2006

RE: Township 5 North, Range 65 West, 6<sup>th</sup> P.M.  
Section 16: S/2NW/4 and Section 21: N/2NW/4 (One Well)  
Section 21: N/2NW/4 (Two Wells)  
City of Greeley, County of Weld, State of Colorado

Dear Mineral Owner:

I am writing on behalf of Mineral Resources, a local oil and gas exploration company. We are developing a directional drilling program in southeast Greeley, Colorado. You may have already been contacted by Mineral Resources with respect to leasing or selling your mineral interest to Mineral Resources.

Mineral Resources plans to drill four oil and gas wells beneath the above referenced property in the next 90 days. The wells will be drilled from a common drilling pad on land owned by Mineral Resources. As a result, **NO DRILLING OPERATIONS WILL TAKE PLACE ON THE SURFACE OF YOUR PROPERTY OR THE REFERENCED LAND.** The wells are planned as a four well operation because of the costs and risks associated with the operation. If the program is not successful and if less than the four planned wells are drilled, all costs and expenses will be accounted for and adjusted accordingly.

According to the records of the Weld County Clerk and Recorder's office, you own an interest in the oil and gas under the referenced 80-acre property, and according to our research, your oil and gas interest is unleased. Mineral Resources owns oil and gas leases covering 75%, more or less, of the above referenced property.

Attached to this letter is a map showing Mineral Resources' drilling plans as of this date. The locations of the wells are depicted on the map. The objective depth of each of the wells is approximately 8000 feet true vertical depth and may include penetrating the Dakota formation. The wells, if successful, will be completed on any one or more of the Cretaceous formations under the referenced land. Those formations include, but are not limited to, the Sussex, Codell, Niobrara, J-Sand and Dakota formations.

As depicted on the map, your interest will be pooled with adjoining lands to create three respective spacing units.

Unit 1 is to be designated as the spacing unit for one well in the S/2SW/4 of Section 16 and the N/2NW/4 of Section 21.

Unit 2 is to be designated as the spacing unit for one well in the N/2NW/4 of Section 21.

The wells will be drilled directionally from a pad-site located just south of U.S. Highway 34 and east of the Union Pacific Rail Road Right of Way; hence, NO DRILLING OPERATIONS WILL TAKE PLACE ON THE SURFACE OF YOUR PROPERTY OR THE REFERENCED LAND.

Operations are scheduled to commence between August 15 and September 15, 2006, but they may be either moved up or delayed depending on rig availability and dealings with the Colorado Oil and Gas Conservation Commission that governs this operation. Mineral Resources plans on drilling all of the wells consecutively, again, depending on the success of the program.

As an owner of a mineral interest in the S1/2NE1/4 of Section 17, you have several options of participation from which to choose. The options are as follows:

Oil and Gas Lease - The most common way to participate is to lease your mineral interest in and under the referenced land to Mineral Resources. We have enclosed for your review and execution an oil and gas lease. The lease provides for a 12.5% royalty interest in all wells in proportion to your acreage and a five-year primary term. As consideration for signing the lease Mineral Resources will pay you \$50.00 per acre and a minimum amount of \$15.00 upon the receipt of a signed and notarized oil and gas lease. After signing the lease you should make a copy of it for your records. The terms being offered are consistent with existing leases in Section 17.

Mineral Quit Claim Deed - As a second option, you may sell your interest to Richmark Development, LLC, an affiliate company of Mineral Resources. If a check was previously sent to you, and if that check is in your possession you can still cash it. Richmark Development will issue you a new check if you request if the original check has been lost, destroyed or returned to Richmark Development.

Participate as an Owner - As an alternative to leasing or selling your mineral interest, you have the opportunity to participate as a working interest owner and bear your proportionate share of the costs and risks of the drilling and operating of the four wells within the Spacing Unit. This offer is being made pursuant CRS §34-60-116 (7) (a) and rule 530 of the rules and regulations of the Colorado Oil and Gas Conservation Commission. Based upon your net acreage to the units, your proportionate share of the costs to drill and complete the wells is estimated to be **\$154842.69**, based upon the following calculation:

*Unit 1: 1 (# of your mineral acres in Unit 1) / 80 (total acres in Unit 1) x \$1348026 (estimated cost to drill and complete two wells at an average cost of \$674013 per well) = \$103228.461 (estimated cost for Unit 1 billable to you should you elect to participate as a working interest owner).*

*Unit 2: 1 (# of your mineral acres in Unit 2) / 160 (total acres in Unit 2) x \$674013 (estimated cost to drill and complete one well at a cost of \$674013) = \$25807.1153 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).*

*Total Cost: \$103228.46 (estimated cost billable to you for Unit 1) + \$25807.11 (estimated cost billable to you for Unit 2) + \$25807.11 (estimated cost billable to you for Unit 3) = \$154842.69 (estimated cost billable to you for Units 1, 2 should you elect to participate as a working interest owner).*

Enclosed is an Authority for Expenditure (AFE) for estimated cost one of the four wells. The AFEs for the other wells are substantially identical. The total estimated cost of the four wells to be drilled

under the referenced land is **\$2696052**. THE COST OF ANY OF THE WELLS MAY BE MORE OR LESS THAN THE AMOUNT OF THE AFE AND IF THE COSTS EXCEED THE AMOUNT OF THE AFE, YOU WILL BE LIABLE FOR YOUR PORPORTIONATE SHARE OF THE EXCESS COST.

If you elect to participate as a working interest owner in the drilling of the wells, please send a letter to Mineral Resources stating your intention to participate and bear the estimated costs billable to you no later than August 30, 2006. Upon receipt of your letter, Mineral Resources will send you a Joint Operating Agreement for your execution; the operating agreement contains terms and conditions pursuant to which Mineral Resources will operate the wells for your account and others who elect to participate. Your total payment will have to be made at the time the signed Joint Operating Agreement is returned to Mineral Resources.

Should you elect not to participate in the drilling of the wells, or lease or sell your interest to Mineral Resources, Mineral Resources, as Operator, will apply with the Colorado Oil and Gas Conservation Commission to have your interests in the three units described in this letter pooled with the interests of Mineral Resources and others who have elected to participate.

Sincerely,

Logan Richardson  
Land Manager

Cell: 970-590-7506  
Email: Logan@mineralresourcesinc.com

**EXHIBIT "A"**

**UNIT 4**

<b>OWNER</b>	<b>OWNER ADDRESS</b>	<b>LEGAL DESCRIPTION</b>	<b>ACRES</b>	<b>ROYALTY</b>	<b>PROPORTIONATE INTEREST</b>
Clifford D Miller	2918 Harp Court Greeley, CO 80634	The North 20 feet of the N1/2NW1/4 of Section 21, T5N, R65W, 6th P M., County of Weld, State Colorado	1.7500	12.50%	0.001367
JMN Land Holdings, LLC	16529 WCR 70 Greeley, CO 80631	The North 20 feet of the N1/2NW1/4 of Section 21, T5N, R65W, 6th P M., County of Weld, State Colorado	1.3300	12.50%	0.001039