

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

IN THE MATTER OF THE APPLICATION)
OF GUNNISON ENERGY CORPORATION FOR)
AN EXTENSION OF TIME FOR PERMITS-TO-DRILL,)
DELTA AND GUNNISON COUNTIES, COLORADO)

CAUSE NO. 1
DOCKET NO. 0310-GA-05

NOTICE OF HEARING



TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On November 21, 2002, Rich Griebing, Director of the Colorado Oil and Gas Conservation Commission ("COGCC"), approved Gunnison Energy Corporation's ("GEC") Applications for Permits-to-Drill ("APDs") the Leon Lake #4 and Leon Lake #5 Wells, located in Section 13, Township 12 South, Range 94 West, 6th P.M. On January 17, 2003 Director Griebing approved GEC's APD for the Powerline Federal Well, located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 12 South, Range 91 West, 6th P.M. On January 21, 2003, Director Griebing approved the APD for the Oakbrush Federal Well, located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 26, Township 12 South, Range 91 West, 6th P.M. On January 25, 2003, Director Griebing approved the APDs for the Bullpark Federal Well, located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, Township 12 South, Range 91 West, 6th P.M., the Hubbard Creek Federal Well, located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23, Township 12 South, Range 91 West, 6th P.M., and the Thompson Creek Federal Well, located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, Township 14 South, Range 95 West, 6th P.M. On May 2, 2003, Director Griebing approved GEC's APD for the Hawksnest Federal Well, located in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, Township 13 South, Range 90 West, 6th P.M.

GEC was required to seek approval from the Bureau of Land Management ("BLM") for all eight of the natural gas wells listed above, and was required to seek U.S. Forest Service approval only for the Leon Lake #4, Leon Lake #5, Powerline Federal, Oakbrush Federal, Bullpark Federal, and Hubbard Creek Federal wells. On December 31, 2002, the Forest Service and the BLM formally initiated the National Environmental Policy Act ("NEPA") process by issuing a scoping notice and requesting comments on GEC's proposal to drill, complete, test, and monitor eight natural gas wells within the Grand Mesa National Forests and the Uncompahgre Resource Management Area. The scoping and comment period for the GEC's Proposed Exploratory Gas Drilling Project closed on January 31, 2003.

The Forest Service and the BLM, with the assistance of ENSR, an environmental consulting firm and other retained contractor specialists, conducted an environmental analysis ("EA") concerning GEC's Proposed Exploratory Gas Drilling Project. The EA for GEC's Proposed Exploratory Gas Drilling Project was released in May of 2003 and was made available for public comment from May 23, 2003, until June 23, 2003. The EA is over 300 pages in length and contains extensive and detailed information concerning the proposed project and the potential impacts it may have upon the environment in the North Fork Valley. Based on the information contained in the EA and comments received from the public, the Forest Service and the BLM issued separate Decision Notices and Findings of No Significant Impact on August 29, 2003, and September 5, 2003, respectively. Each agency determined that the proposed project would not have a significant impact on the human environment.

In connection with its September 5, 2003 Finding of No Significant Impact and Decision Record, the BLM issued approved federal APDs for the Thompson Creek and Hawksnest Federal wells. As both the Thompson Creek Federal and Hawksnest Federal well sites are located on BLM lands, the BLM APDs constitute final approval and Gunnison Energy is authorized to begin operations on those well locations. Pursuant to the applicable Forest Service regulations, authorization to commence operations on the Leon Lake #4, Leon Lake #5, Powerline Federal, Oakbrush Federal, Bullpark Federal, and Hubbard Creek Federal wells will not be issued until after a required appeal period. The appeal period may last between 50 and 105 days depending on whether appeals are actually filed.

The eight APDs previously approved by the Commission are now scheduled to expire on November 20, 2003 (for the Leon Lake #4 and the Leon Lake #5 Wells), on January 16, 2004 (for the Powerline Federal), on January 20, 2004 (for the Oakbrush Federal), on January 24, 2004 (for the Bullpark Federal, the Hubbard Creek Federal, and the Thompson Creek Federal) and on May 1, 2004 (for the Hawksnest Federal). GEC anticipates commencing operations on the Thompson Creek Federal and the Hawksnest Federal wells on or before the expiration of the APDs. Nonetheless, many factors beyond the control of Gunnison Energy could conceivably delay the commencement of operations on one or more of the approved wells. These factors include, but are not limited to, local weather, lease stipulations, APD conditions of approval, surface and road conditions, and potential appeals and future litigation.

On September 22, 2003, GEC, by its attorney, filed with the Commission a verified application for an order for a variance extending the time within which GEC may commence operations on the Leon Lake #4 Well and Leon Lake #5 Well from November 20, 2003, until November 20, 2004; on the Powerline Federal Well, the Oakbrush Federal Well, the Bullpark Federal Well, the Hubbard Creek Federal Well, and the Thompson Creek Federal Well from January 16, 2004, January 20, 2004, and January 24, 2004, respectively, until January 24, 2005, and on the Hawksnest Federal Well from May 1, 2004, until September 30, 2004. GEC certifies that no material change in its application or approved drilling and reclamation plan has been made, other than those previously filed with the Commission, which render its application outdated or otherwise infirm.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, October 27, 2003
Time: 10:00 a.m.
Place: Suite 801, The Chancery Building
1120 Lincoln Street
Denver, CO 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Audra Serlet at (303) 894-2100 ext. 114, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than October 10, 2003, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.f.). Pursuant to Rule 503.e., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by October 10, 2003, **the Applicant may request that an administrative hearing be scheduled for the week of October 13, 2003.**

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
September 26, 2003

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