

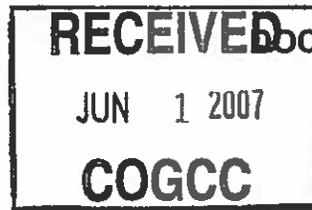


BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

9

IN THE MATTER OF THE APPLICATION OF
MINERAL RESOURCES, INC. FOR AN ORDER
POOLING INTERESTS IN THE CRETACEOUS
AGE FORMATIONS FROM THE BASE OF THE
DAKOTA TO THE SURFACE LOCATED IN A
PORTION OF THE WATTENBERG FIELD
IN WELD COUNTY, COLORADO

CAUSE NO. 318A,



DOCKET NO. _____

COMES NOW, Mineral Resources, Inc., a Colorado corporation ("Applicant") by and through its attorney, Keith M. Crouch, P.C. and for its application for an order for the involuntary pooling of certain interests in production from the Cretaceous formations in the lands described below pursuant to CRS § 34-60-116 states and alleges as follows:

1. Applicant is duly authorized to conduct business in the State of Colorado and owns an interest in and operates oil and gas leases and mineral interests covering portions of certain lands located in Weld County, Colorado described as follows:

T5N, R65W, 6th P.M., Weld County, Colorado
Section 16: SW/4NW/4, NW/4SW/4
Section 17: NE/4SE/4, SE/4NE/4

2. The lands described above are located in the City of Greeley, Colorado and are in populated areas. Applicant owns a 20-acre, more or less, tract of land in the vicinity of the lands described above (the "Drill Site") and plans to use the Drill Site to drill a planned one oil and gas well directionally from the Drill Site to explore for and produce oil and gas from the bottom hole location under the lands described above. The one well is in addition to 11 directional wells drilled and completed by Applicant from the same Drill Site in the prior calendar year. The well is included in another drilling program of up to 23 wells that will be drilled by Applicant from the Drill Site as part of a potential 34 well directional drilling program. The planned wells include boundary well locations for production of oil and gas from the Cretaceous formations in and under the above-described lands.
3. Pursuant to Rule 318A, effective March 1, 2006, operators are authorized to utilize the designated drilling locations to produce 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, to include "infill" and "boundary" wells as defined by Rule 318A. The lands are included in the Wattenberg spaced area for the production of oil and gas from the Codell and Niobrara formations (see Order No. 407-1 for the Codell formation and Order No. 407-1 for the Niobrara formation). The Sussex, J-Sand and Dakota formations are unspaced as to the SW/4NW/4, NW/4SW/4 of Section 16 and the NE/4SE/4, SE/4NE/4 of Section 17 above described.
4. Applicant has received permits to drill 20 of the planned 23 wells.
5. As set forth above, Applicant intends to drill one well to the Sussex, Codell, Niobrara, J-Sand and/or Dakota formations in and under the SW/4NW/4, NW/4SW/4 of Section 16 and the NE/4SE/4, SE/4NE/4 of Section 17 above described. Pursuant to Rule 318A.a.(4)C., the lands above described are the designated wellbore spacing unit for the well (the "Spacing Unit").
6. In addition, Applicant owns and operates oil and gas leases and controls mineral interests covering a total of 143.6645 acres, more or less, in the Spacing Unit. A plat of the Spacing Unit is attached hereto as Exhibit A.
7. The Spacing Unit consists of a total of 160-acres, more or less. Approximately 16.3355 acres, more or less, in the Spacing Unit are unleased.

8. According to the title work completed by Applicant, the unleased interests in the Spacing Unit total 16.3355 acres, more or less, and those interests are owned by the persons identified on Exhibit B attached hereto.
9. By letters sent to the persons described in Exhibit B, Applicant offered to lease the interests in the oil and gas owned by the unleased owners in the Spacing Unit. The letters included a proposed lease. A representative sample of the letter is attached hereto as Exhibit C.
10. The offer to lease was made pursuant to C.R.S. § 34-60-116(7) c and Rule 530 of the rules of the Commission and the terms thereof comply with the requirements of the statute and rule.
11. In addition, the letter containing the offer to lease described in paragraph 9, Applicant included the opportunity for each owner identified on Exhibit B to bear his, her or its proportionate share of the costs and risks of the drilling and operating the well currently planned for the Spacing Unit. The letters included the following information as required by Rule 530 of the Commission's rules:
 - The location and objective depth of the one well to be drilled in the Spacing Unit,
 - The estimated drilling and completion costs of the one well to be drilled in the Spacing Unit,
 - The estimated spud date for the well to be drilled in the Spacing Unit or range of time within which the spudding is to occur and
 - An AFE prepared by the Applicant and containing the information described above.
12. Because more than 30 days will have elapsed on the date this Application will be heard, the parties listed on Exhibit B who have not elected to bear his, her or its proportionate share of the costs and risks of the drilling and operating the well to be drilled in the Spacing Unit will have become non-consenting owners as defined by C.R.S. § 34-60-116(7) and Rule 530 of the rules of the Commission.
13. In order to prevent waste, protect correlative rights and in the best interests of conservation and to foster, encourage and promote the development, production and utilization of the oil and gas natural resources, all the unleased interests in the Spacing Unit in the J Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B should be pooled in accordance with the provisions of C.R.S. § 34-60-116.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing, this Commission enter its order:

- a. That the Spacing Unit be designated as the drilling and spacing unit for the one well and that unleased interests in the Spacing Unit in the Cretaceous formations from the base of the Dakota formation to the surface, to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations owned by the parties listed on Exhibit B who are "non-consenting owners" as defined by Rule 530 of the rules of the Commission be pooled and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116,
- b. Authorizing the production of oil, gas and associated hydrocarbons from the Cretaceous formations from the base of the Dakota formation to the surface to include, but not be limited to, production from the Sussex, J-Sand, Dakota, Codell and Niobrara formations from the Spacing Unit and from locations that are permitted by Rule 318A, and
- c. For such other and further relief as this Commission deems just and proper.

EXHIBIT "B"

OWNER	ADDRESS	LEGAL DESCRIPTION	ACRES	ROYALTY	DECIMAL INTEREST
BRIAN P NATOTSCHI AND DEIDRE R HILD	2118 APRICOT AVENUE, GREELEY, CO 80631	LOT 19, BLOCK 1, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 2118 APRICOT AVENUE, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096116225019	0.11376	12.50%	0.000089
CENTRAL WELD COUNTY WATER DISTRICT	2235 2ND AVENUE GREELEY, CO 80631	THE NORTH 72.8 FEET OF THE EAST 131.25 FEET OF LOT 7 AND THE EAST 131.25 FEET OF LOT 6, BLOCK 2, GREELEY INDUSTRIAL PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 2235 2ND AVENUE, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096117112015	0.75	12.50%	0.000586
CIRCLE CORPORATION	100 GARFIELD STREET #400 DENVER, CO 80206	LOT 6, 7, 8, 24, 25, 26, 27 AND 28, BLOCK 2, GREELEY INDUSTRIAL PARK, EXCEPT THE NORTH 72.8 FEET OF THE EAST 131.25 FEET OF LOT 7 AND THE EAST 131.25 FEET OF LOT 6, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS 2303 2ND AVENUE, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096117112014	3.4404	12.50%	0.002688
DAVID BONILLA BURGARIN / DAVID BONILLA RAMOS	223 E 22 STREET, GREELEY, CO 80631	LOT 12, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 223 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 0961162260012	0.089	12.50%	0.000070
DINO C ALVIDREZ	203 E 22 STREET, GREELEY, CO 80631	LOT 7, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 203 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096116226007	0.089	12.50%	0.000070
ELIAS RAMOS MARTINEZ AND OLIVIA LOMA	211 E 22 STREET, GREELEY, CO 80631	LOT 9, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 211 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096116226009	0.07576	12.50%	0.000059

FALCONER SYLVIA A	2280 1ST AVE#37 GREELEY, CO 80631	LOT 37, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1099	12.50%	0.000086
JOSE ANTONIO VILLELA	2280 1 AVE #164 GREELEY, CO 80631	LOT 164, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.145	12.50%	0.000113
KEITH B COWAN AND BEVERLY C COWAN	3240 IRIS CT WHEATRIDGE, CO 80033	LOTS 10, 108 AND 127 COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.2541	12.50%	0.000199
MARDI GRAS PROPERTIES LLC	102 EAST 22ND STREET GREELEY, CO 80631	LOT 1, BLOCK 2, PARKVIEW MIXED USE 1ST REPLAT, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.7458	12.50%	0.000583
MARTHA OLAVE	219 E 22 STREET, GREELEY, CO 80631	LOT 11, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 219 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 0961162260011	0.07576	12.50%	0.000059
Murphy-Hoffman Joint Ventures, LP	c/o Ozark Kenworth, Inc. 1424 North Corrington Kansas City, MO 64120	Part of the Southeast Quarter of Section 17, Township 5 North, Range 65 West of the 6th P.M.	1.2750	12.50%	0.000996
PARKVIEW AND FIRST LLC	4246 SOUTHSORE CT FORT COLLINS, CO 80525	THAT PART OF TRACT A, BLOCK 1, PARKVIEW MIXED USE 1ST REPLAT, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO LYING AND BEING IN THE SW/4NW/4 OF SECTION 16, T5N, R65W. ALSO, THAT PART OF ENVELOPE 4, BLOCK 1, PARKVIEW MIXED USE 1ST REPLAT, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO LYING AND BEING IN THE SW/4NW/4 OF SECTION 16, T5N, R65W	2.1904	12.50%	0.001711
ROBERT L CEMER AND LINDA MARIE CEMER	2280 1ST AV #34 GREELEY, CO 80631	LOT 34, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.127	12.50%	0.000099

SARAH J SCHEOPNER	2280 1 AVE #31 GREELEY, CO 80631	LOT 31, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1263	12.50%	0.000099
SHERRY LYNN COOPER	2280 1 AVE #140 GREELEY, CO 80631	LOT 40, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1529	12.50%	0.000119
SILVIA E CRUZ AND CELSE AREVALO	207 E 22 STREET, GREELEY, CO 80631	LOT 8, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 207 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 096116226008	0.07576	12.50%	0.000059
STANLEY E HOLSTEIN AND GEORGEANN L HOLSTEIN	2280 1 AVE #151 GREELEY, CO 80631	LOT 151, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1091	12.50%	0.000085
STEPHEN L YOUNG	215 E 22 STREET, GREELEY, CO 80631	LOT 10, BLOCK 2, PARKVIEW MIXED USE, A SUBDIVISION IN THE CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO. ALSO KNOWN BY STREET AND NUMBER AS: 215 E. 22 STREET, GREELEY, COLORADO 80631. ALSO KNOWN AS WELD COUNTY ASSESSOR'S PARCEL NO. 0961162260010	0.07576	12.50%	0.000059
THELMA M BROWN	C/O SHARON BROWN 2280 1ST AVE #11 GREELEY, CO 80631	LOT 11, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1779	12.50%	0.000139
VARIOUS		STREETS, ROADS AND ALLEYS LYING AND BEING IN THE SE/4NE/4 AND NE/4SE/4 OF SECTION 17, T5N, R65W.	6	12.50%	0.004688
VICTOR BREHON AND CLARA M BREHON	2280 1 AVE #162 GREELEY, CO 80631	LOT 162, COUNTRYSIDE MOBILE HOME PARK, INCLUDING ANY STREETS, ROADS, ALLEYS, SIDEWALKS, OR OTHER PARCEL OR STRIPS OF LAND LOCATED IN COUNTRYSIDE MOBILE HOME PARK, CITY OF GREELEY, COUNTY OF WELD, STATE OF COLORADO	0.1369	12.50%	0.000107

EXHIBIT "C"
LETTER



MINERAL RESOURCES, INC.

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

June 30, 2006

RE: Township 5 North, Range 65 West, 6th P.M.
Section 16: NW/4SW/4 (One Well)
Section 16: SW/4NW/4 (One Well)
Section 16: NW/4SW/4, SW/4NW/4 &
Section 17: SE/4NE/4, NE/4SE/4 (One Well)
City of Greeley, County of Weld, State of Colorado

Dear Mineral Owner:

Mineral Resources, Inc. plans to drill eight oil and gas wells beneath the referenced property in the next 90 days. The wells will be drilled from a common drilling pad on land owned by Mineral Resources or an affiliated entity described below. The wells are being planned as an eight well operation because of the costs and risks associated with the operation. If the program is not successful and if less than the eight planned wells are drilled, all costs and expenses will be accounted for and adjusted accordingly.

You may have already been contacted by Mineral Resources or one of its affiliates with respect to the leasing of your mineral interest to the Mineral Resources or the sale of your mineral interest to a Mineral Resources affiliate.

The purpose of this letter is to offer you the opportunity to bear your proportionate share of the costs and risks of the drilling and operating of the eight wells that Mineral Resources plans to drill under the land described above. 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.

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 property, and according to our research, your oil and gas interest is unleased. Mineral Resources owns oil and gas leases covering 80%, more or less, of the referenced property.

Attached to this letter is a plat showing Mineral Resources' drilling plans as of this date. The locations of the wells are depicted on the plat. 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 attached map, your interest will be pooled with adjoining lands to create four spacing units.

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

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

Unit 3 is to be designated as the spacing unit for 1 well in the NW/4SW/4, SW/4NW/4 of Section 17 and the SE/4NE/4, NE/4SE/4 of Section 17.

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 1 and August 30, 2006, but may be either moved up or delayed depending on rig availability and proceedings before the Colorado Oil and Gas Conservation Commission that govern these operations. 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 SW1/4 of Section 17, you have several options from which to choose. The first is to lease your mineral interest in and under the SW1/4 of Section 17 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 in each of the 2 units described above 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 the SW1/4 of Section 17 and other lands within the drilling program.

As a second option, you may sell your interest to Richmark Development, LLC, an affiliate company of Mineral Resources, Inc. 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.

As an alternative to leasing your oil and gas mineral interest to Mineral Resources or selling your mineral interest to Richmark Development, you have the right to participate as a working interest owner in the drilling of the eight wells within the four units described in this letter. Based upon your net acreage to the units, your proportionate share of the costs to drill and complete the wells is estimated to be \$6167.20, based upon the following calculation:

Unit 1:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x $\$674,013$ (estimated cost to drill and complete one well) = $\$770.5$ (estimated cost for Unit 1 billable to you should you elect to participate as a working interest owner).

Unit 2:

0.183 (# of your mineral acres in Unit 1) / 40 (total acres in Unit 1) x \$674,013 (estimated cost to drill and complete one well) = \$3854.770.9 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).

Unit 3:

0.183 (# of your mineral acres in Unit 1) / 160 (total acres in Unit 1) x \$674,013 (estimated cost to drill and complete one well) = \$770.9 (estimated cost for Unit 2 billable to you should you elect to participate as a working interest owner).

Total Cost:

\$3854.5 (estimated cost billable to you for Unit 1) + \$770.9 (estimated cost billable to you for Unit 2) + \$770.9 (estimated cost billable to you for Unit 3) = \$6167.20 (estimated cost billable to you for Units 1 and 2 should you elect to participate as a working interest owner).

Enclosed is an Authority for Expenditure (AFE) for estimated cost one of the eight wells. The AFEs for the other wells are substantially identical. The total estimated cost of the eight wells to be drilled under the referenced land is \$5,392,104. 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 July 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 to have your interests in the four units described in this letter pooled with the interests of Mineral Resources and others who have elected to participate.

Sincerely,

Collin M. Richardson
Director of Operations