

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

IN THE MATTER OF THE PROMULGATION OF
FIELD RULES TO GOVERN OPERATIONS FOR
THE PRODUCTION OF GAS AND ASSOCIATED
HYDROCARBONS FROM THE ISMAY
FORMATION, THE DESERT CREEK FORMATION,
THE UPPER BARKER CREEK/AKAH FORMATION,
AND THE LOWER BARKER CREEK FORMATION
IN THE BARKER DOME FIELD, LA PLATA AND
MONTEZUMA COUNTIES, COLORADO

CAUSE NO. 515
ORDER NO. 515-1

REPORT OF THE COMMISSION

This cause came on for hearing before the Commission on February 22, 1995, at the Chancery Building, Suite 801, 1120 Lincoln Street, Denver, Colorado, and on March 20, 1995 at the La Plata County Fairgrounds, 2500 Main Street, Extension Building, Durango, Colorado, 81301, after giving Notice of Hearing as required by law, on the Verified Amended Application of Meridian Oil Inc. for an order to establish 160-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Ismay Formation, with the permitted well in each drilling and spacing unit to be located no closer than 330 feet to the outer boundary of the unit; to establish 320-acre drilling and spacing units for production of gas and associated hydrocarbons from the Desert Creek Formation with the drilling and spacing units consisting of the E½ and the W½ or the N½ and the S½, with the permitted well to be located no closer than 790 feet to the outer boundary of the unit; to establish 320-acre drilling and spacing units for production of gas and associated hydrocarbons from the Upper Barker Creek/Akah Formation with the drilling and spacing units consisting of the E½ and the W½ or the N½ and the S½, with the permitted well to be located no closer than 790 feet to the outer boundary of the unit; and to establish 640-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Lower Barker Creek Formation, with the permitted well to be located no closer than 790 feet to the outer boundary of the unit.

FINDINGS

The Commission finds as follows:

1. Meridian Oil Inc., as the 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 the hereinafter prescribed order.
4. Evidence presented at the administrative hearing indicates that the Ismay Formation, the Desert Creek Formation, the Upper Barker Creek/Akah Formation and the Lower Barker Creek Formation constitute separate common sources of supply of gas and associated hydrocarbons underlying the following described lands in the Barker Dome Field located in La Plata and Montezuma Counties, Colorado:

Township 32 North, Range 13½ West, N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All (Lots 1, 2, 3, 4, E½ E½)
Section 9: All (Lots 1, 2, 3, 4, E½ E½)
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All (Lots 1, 2, 3, 4, E½ E½)
Section 21: All (Lots 1, 2, 3, 4, E½ N½)
Section 22: All (Lots 1, 2, 3, 4, N½)
Section 23: All (Lots 1, 2, 3, 4, N½)
Section 24: All (Lots 1, 2, 3, 4, N½)

Township 32 North, Range 14 West, N.M.P.M.

Section 1: All (Lots 1, 2, 3, 4, S½ N½, S½)
Section 2: All (Lots 1, 2, 3, 4, S½ N½, S½)
Section 3: All (Lots 1, 2, 3, 4, S½ N½, S½)
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All

Section 22: All (Lots 1, 2, 3, 4, N $\frac{1}{2}$)
 Section 23: All (Lots 1, 2, 3, 4, N $\frac{1}{2}$)
 Section 24: All (Lots 1, 2, 3, 4, N $\frac{1}{2}$)

5. The southern boundary of Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. and Township 32 North, Range 14 West, N.M.P.M. is the Colorado/New Mexico line. As a result, Sections 21, 22, 23, and 24 of Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. and Sections 22, 23, and 24 of Township 32 North, Range 14 West, N.M.P.M. are irregular sections. Furthermore, Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. is an irregular township, and Sections 4, 9, 16 and 21 lying along the western boundary of the township are irregular sections.

6. To prevent the waste of oil and gas, as defined by law, to protect the correlative rights of all parties concerned, to prevent the drilling of unnecessary wells, and to ensure proper and efficient development and to promote conservation of the oil and gas resources of the state, an order should be made establishing 160-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Ismay Formation, establishing 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Desert Creek Formation and from the Upper Barker Creek/Akah Formation, and establishing 640-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Lower Barker Creek Formation.

7. The drilling and spacing units for the Ismay Formation, for the Upper Barker Creek/Akah Formation, for the Desert Creek Formation and for the Lower Barker Creek Formation are based on regular governmental sections. The irregular sections in the Barker Dome Field do not coincide with the 160-acre drilling and spacing units for the Ismay Formation, the 320-acre drilling well spacing units for the Desert Creek Formation and the Upper Barker Creek/Akah Formation, or the 640-acre drilling and spacing units for the Lower Barker Creek Formation. To account for these irregular sections, specifically designated drilling spacing units are required.

8. The geologic and engineering data presented at the administrative hearing indicates that one well will economically and efficiently drain an area of approximately 160-acres in the Ismay Formation; that one well will economically and efficiently drain an area of approximately 320-acres from the Desert Creek Formation and the Upper Barker Creek/Akah Formation; that one well will economically and efficiently drain an area of approximately 640-acres from the Lower Barker Creek Formation; and that drilling units of the size and shape described above, or as may be specifically described, are not smaller than the maximum area that can be efficiently and economically drained by one well producing from the formations as described above.

9. The Ute Com #1 Well located 1,870 FNL and 1,445 FWL in Section 13, Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. produces from the Upper Barker Creek and Lower Barker Creek Formations. The Ute #2-R Well located 325 FSL and 1,435 FWL in Section 15, Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. produces from the Ismay and Desert Creek Formations. The Ute #5 Well located 990 FSL and 990 FWL in Section 11, Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. produces from the Ismay and Desert Creek Formations. The Ute #9A Well located 2,385 FNL and 955 FEL in Section 21, Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M. produces from the Ismay and Desert Creek Formations. The Ute #19 Well located at 1,125 FNL and 1,685 FEL in Section 24, Township 32 North, Range 14 West, N.M.P.M. produces from the Ismay and Desert Creek Formations. Although these wells produce from formations which will have different drilling and spacing units, the ownership of the minerals and the lessees in the separate spacing units from which these wells produce is the same. As a result, correlative rights will not be affected by allowing production from these wells from the differing formations to be commingled.

10. The Director, without additional notice or hearing, should be allowed to grant exceptions for well locations provided the owners of contiguous and cornering units toward which the proposed location would be moved file a waiver or consent in writing agreeing to said exceptions.

11. No protests to the amended application were received and the Hearing Officer recommends that the application be approved.

ORDER

NOW, THEREFORE, IT IS ORDERED, that the following rules and regulations shall apply hereafter to wells drilled and completed or recompleted in the Ismay Formation, the Desert Creek Formation, the Upper Barker Creek/Akah Formation, and the Lower Barker Creek Formation underlying the Barker Dome Field of La Plata and Montezuma Counties, Colorado, in addition to other applicable rules and regulations and orders of the Commission, if any, heretofore adopted not in conflict herein.

Rule No. 1 The Ismay Formation, the Desert Creek Formation, the Upper Barker Creek/Akah Formation, and the Lower Barker Creek Formation (all as defined in Rule No. 2 below) constitute separate common sources of supply of gas and associated hydrocarbons in the following described lands in the Barker Dome field located in La Plata and Montezuma Counties, Colorado:

Township 32 North, Range 13 $\frac{1}{2}$ West, N.M.P.M.

Section 1: All
 Section 2: All
 Section 3: All
 Section 4: All (Lots 1, 2, 3, 4, E $\frac{1}{2}$ E $\frac{1}{2}$)
 Section 9: All (Lots 1, 2, 3, 4, E $\frac{1}{2}$ E $\frac{1}{2}$)
 Section 10: All
 Section 11: All
 Section 12: All
 Section 13: All
 Section 14: All

Section 16: All (Lots 1, 2, 3, 4, E% E%)
 Section 21: All (Lots 1, 2, 3, 4, E% NE%)
 Section 22: All (Lots 1, 2, 3, 4, N%)
 Section 23: All (Lots 1, 2, 3, 4, N%)
 Section 24: All (Lots 1, 2, 3, 4, N%)

Township 32 North, Range 14 West, N.M.P.M.

Section 1: All (Lots 1, 2, 3, 4, S% N%, S%)
 Section 2: All (Lots 1, 2, 3, 4, S% N%, S%)
 Section 3: All (Lots 1, 2, 3, 4, S% N%, S%)
 Section 10: All
 Section 11: All
 Section 12: All
 Section 13: All
 Section 14: All
 Section 15: All
 Section 22: All (Lots 1, 2, 3, 4, N%)
 Section 23: All (Lots 1, 2, 3, 4, N%)
 Section 24: All (Lots 1, 2, 3, 4, N%)

Rule No. 2 The Ismay Formation, the Desert Creek Formation, the Upper Barker Creek/Akah Formation, and the Lower Barker Creek Formation in the Barker Dome Field are defined as follows:

Ismay Formation:	The Ismay Formation shall be defined as the interval occurring from the top of the Ismay Formation at 8,502 feet to the base of the Ismay Formation at 8,693 feet as identified on the log of the Ute #16 Well located in Lot 1 of Section 22, Township 32 North, Range 13% West, 6th P.M.
Desert Creek Formation:	The Desert Creek Formation shall be defined as the interval occurring from the top of the Desert Creek Formation at 8,693 feet to the base of the Desert Creek Formation at 8,809 feet as identified on the log of the Ute #16 Well located in Lot 1 of Section 22, Township 32 North, Range 13% West, 6th P.M.
Upper Barker Creek/Akah Formation:	The Upper Barker Creek/Akah Formation shall be defined as the interval occurring from the top of the Upper Barker Creek/Akah Formation at 8,809 feet to the base of the Akah Formation at 9,134 feet as identified on the log of the Ute #16 Well located in Lot 1 of Section 22, Township 32 North, Range 13% West, 6th P.M.
Lower Barker Creek Formation:	The Lower Barker Creek Formation shall be defined as the interval occurring from the top of the Lower Barker Creek Formation at 9,134 feet to the base of the Lower Barker Creek Formation at 9,445 feet as identified on the log of the Ute #16 Well located in Lot 1 of Section 22, Township 32 North, Range 13% West, 6th P.M.

Rule No. 3 Except as set forth in Rule No. 7 below, 160-acre drilling and spacing units are hereby established for the Ismay Formation in all of the lands described above, with the permitted well in each drilling and spacing unit to be located no closer than 330 feet to the outer boundary of the unit.

Rule No. 4 Except as set forth in Rule No. 7 below, 320-acre drilling and spacing units are hereby established for the Desert Creek Formation, with the drilling and spacing units consisting of the E% and the W% or the N% and the S%, to be designated by the operator of the first well to be drilled, with the permitted well in each drilling and spacing unit to be located no closer than 790 feet to the outer boundary of the unit.

Rule No. 5 Except as set forth in Rule No. 7 below, 320-acre drilling and spacing units are hereby established for the Upper Barker Creek/Akah Formation, with drilling and spacing units consisting of the E% and the W% or the N% and the S%, to be designated by the operator of the first well to be drilled, with the permitted well in each drilling and spacing unit to be located no closer than 790 feet to the outer boundary of the unit.

Rule No. 6 Except as set forth in Rule No. 7 below, 640-acre drilling and spacing units are hereby established for the Lower Barker Creek Formation with the permitted well in each drilling and spacing unit to be located not closer than 790 feet to the outer boundary of the unit.

Rule No. 7 The following lands are specifically designated as drilling and spacing units for the identified formation, with the permitted well in each designated spacing unit to be located as stated:

<u>Designated Unit</u>	<u>Permitted Location</u>
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 4: Lots 1, 2, 3, 4, E% E% (All) containing 195.88 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 9: Lots 1, 2, 3, 4, E% E% (All) containing 195.76 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 16: Lots 1, 2, 3, 4, E% E% (All) containing 195.70 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 21: Lots 1, 2, 3, 4, E% NE% (All) containing 144.30 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 22: Lots 3, 4, NW% (W%) containing 235.59 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 22: Lots 1, 2, NE% (E%) containing 235.44 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 23: Lots 3, 4, NW% (W%) containing 234.99 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 23: Lots 1, 2, NE% (E%) containing 235.43 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 24: Lots 3, 4, NW% (W%) containing 235.38 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 13% West, N.M.P.M.</u> Section 24: Lots 1, 2, NE% (E%) containing 235.30 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 22: Lots 3, 4, NW% (W%) containing 239.28 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 22: Lots 1, 2, NE% (E%) containing 238.88 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 23: Lots 3, 4, NW% (W%) containing 238.41 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 23: Lots 1, 2, NE% (E%) containing 237.87 acres, more or less	330 feet from the North and South lines and 330 feet from the East and West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lots 3, 4, NW¼ (W¼)

containing 237.45 acres, more or less

Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lots 1, 2, NE¼ (E¼)

containing 237.15 acres, more or less

DESERT CREEK FORMATION

Designated Unit

Township 32 North, Range 13½ West, N.M.P.M.
Section 21: Lots 1, 2, 3, 4, E¼ NE¼
Section 22: Lot 4, W¼ NW¼

Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lot 1, E¼ NE¼

containing 380.73 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 22: Lots 1, 2, 3, E¼ NW¼, NE¼

containing 353.14 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 23: Lots 2, 3, 4, NW¼, W¼ NE¼

containing 352.62 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 23: Lot 1, E¼ NE¼
Section 24: Lots 3, 4, NW¼

containing 353.12 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 24: Lots 1, 2, NE¼

containing 235.30 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 18: Lots 1, 2, 3, 4, E¼ E¼

containing 195.70 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 9: Lots 1, 2, 3, 4, E¼ E¼

containing 195.76 acres, more or less

Township 32 North, Range 13½ West, N.M.P.M.
Section 4: Lots 1, 2, 3, 4, E¼ E¼

containing 195.88 acres, more or less

Township 32 North, Range 14 West, N.M.P.M.
Section 22: Lots 1, 2, NE¼
Section 23: Lot 4, W¼ NW¼

containing 358.15 acres, more or less

Township 32 North, Range 14 West, N.M.P.M.
Section 22: Lots 3, 4, NW¼

containing 239.28 acres, more or less

Township 32 North, Range 14 West, N.M.P.M.
Section 23: Lots 1, 2, 3, E¼ NW¼, NE¼

containing 357.01 acres, more or less

330 feet from the North
 and South lines and 330
 feet from the East and
 West lines

330 feet from the North
 and South lines and 330
 feet from the East and
 West lines

Permitted Location

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

330 feet from the North
 and South lines and 330
 feet from the East and
 West lines

330 feet from the North
 and South lines and 330
 feet from the East and
 West lines

330 feet from the North
 and South lines and 330
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

790 feet from the North
 and South lines and 790
 feet from the East and
 West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lots 2, 3, 4, NW¼, W¼ NEX

containing 356.06 acres, more or less

790 feet from the North
and South lines and 300
feet from the East and
West lines

UPPER BARKER CREEK/AKAH FORMATION

Designated Unit

Permitted Location

Township 32 North, Range 13½ West, N.M.P.M.
Section 21: Lots 1, 2, 3, 4, E½ NEX
Section 22: Lot 4, W¼ NW¼
Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lot 1, E½ NEX

containing 380.73 acres, more or less

330 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 22: Lots 1, 2, 3, E½ NW¼, NEX

containing 353.14 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 23: Lots 2, 3, 4, NW¼, W¼ NEX

containing 352.62 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 23: Lot 1, E½ NEX
Section 24: Lots 3, 4, NW¼

containing 353.12 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 24: Lots 1, 2, NEX

containing 235.30 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 18: Lots 1, 2, 3, 4, E½ E½

containing 195.70 acres, more or less

330 feet from the North
and South lines and 330
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 9: Lots 1, 2, 3, 4, E½ E½

containing 195.76 acres, more or less

330 feet from the North
and South lines and 330
feet from the East and
West lines

Township 32 North, Range 13½ West, N.M.P.M.
Section 4: Lots 1, 2, 3, 4, E½ E½

containing 195.88 acres, more or less

330 feet from the North
and South lines and 330
feet from the East and
West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 22: Lots 1, 2, NEX
Section 23: Lot 4, W¼ NW¼

containing 358.15 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 22: Lots 3, 4, NW¼

containing 239.28 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 23: Lots 1, 2, 3, E½ NW¼, NEX

containing 357.01 acres, more or less

790 feet from the North
and South lines and 790
feet from the East and
West lines

Township 32 North, Range 14 West, N.M.P.M.
Section 24: Lots 2, 3, 4, NW¼, W¼ NEX

containing 356.06 acres, more or less

790 feet from the North
and South lines and 300
feet from the East and
West lines

LOWER BARKER CREEK FORMATION

<u>Designated Unit</u>	<u>Permitted Location</u>
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 3: All Section 4: Lots 1, 2, E½ N½ (All) containing 737.95 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 4: Lots 3, 4, E½ SE½ <u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 1: Lots 1, 2, 3, 4, S½ N½, S½ (All) containing 740.21 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 9: Lots 1, 2, E½ N½ (All) Section 10: All containing 737.88 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 9: Lots 3, 4, E½ SE½ <u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 12: All containing 737.88 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 15: All Section 16: Lots 1, 2, E½ N½ (All) containing 737.87 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 18: Lots 3, 4, E½ SE½ <u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 13: All containing 737.83 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 21: Lots 1, 2, 3, 4, E½ N½ (All) Section 22: Lots 1, 2, 3, 4, N½ (All) containing 615.33 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 23: Lots 1, 2, 3, 4, N½ (All) containing 470.42 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 13½ West, N.M.P.M.</u> Section 24: Lots 1, 2, 3, 4, N½ (All) containing 470.88 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 22: Lots 1, 2, 3, 4, N½ (All) containing 478.16 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 23: Lots 1, 2, 3, 4, N½ (All) containing 478.28 acres, more or less	790 feet from the outer boundaries of the designated spacing unit
<u>Township 32 North, Range 14 West, N.M.P.M.</u> Section 24: Lots 1, 2, 3, 4, N½ (All) containing 474.50 acres, more or less	790 feet from the outer boundaries of the designated spacing unit

and spacing unit:

Well Name	Well Location	Producing Formations	Designated Drilling & Spacing Unit
Ute Com #1	1,870' FNL and 1,445' FWL Section 13-32N-13W La Plata County, Colorado	Upper Barker Creek Lower Barker Creek	32N-13W, Sec. 13: W½ 32N-13W, Sec. 13: All
Ute #2R	325' FSL and 1,435' FWL Section 15-32N-13W La Plata County, Colorado	Ismay Desert Creek	32N-13W, Sec. 15: SW¼ 32N-13W, Sec. 15: W½
Ute #3	990' FSL and 990' FWL Section 14-32N-13W La Plata County, Colorado	Lower Barker Creek	32N-13W, Sec. 14: All
Ute #5	990' FSL and 990' FWL Section 11-32N-13W La Plata County, Colorado	Ismay Desert Creek	32N-13W, Sec. 11: SW¼ 32N-13W, Sec. 11: W½
Ute #9	990' FNL and 1,078' FWL Section 21-32N-13W La Plata County, Colorado	Lower Barker Creek	32N-13W, Sec. 21: Lots 1, 2, 3, 4, E½NE¼ (All - 144.30 acre more or less) 32N-13W, Sec. 22: Lots 1, 2, 3, 4, N¼ (All - 471.0 acres more or less)
Ute #9A	2,385' FNL and 955' FEL Section 21-32N-13W La Plata County, Colorado	Ismay Desert Creek	32N-13W, Sec. 21: Lots 1, 2, 3, 4, E½NE¼ (All - 144.30 acre more or less) 32N-13W, Sec. 21: Lots 1, 2, 3, 4, E½NE¼ (All - 144.30 acre more or less) 32N-13W, Sec. 22: Lot 4, W½NW¼ (117.89 acres more or less) 32N-14W, Sec. 24: Lot 1, E½NE¼ (118.54 acres more or less)
Ute #16	820' FSL and 1,030' FEL Section 22-32N-13W La Plata County, Colorado	Ismay	32N-13W, Sec. 22: Lots 1, 2, NE¼ (235.44 acres more or less)
Ute #19	1,125' FNL and 1,685' FEL (surface location) 1,890' FSL and 661' FWL (bottom hole location) Section 24-32N-14W La Plata County, Colorado	Ismay Desert Creek	32N-14W, Sec. 24: Lots 3, 4, NW¼ (235.38 acres more or less) 32N-14W, Sec. 24: Lots 2, 3, 4, NW¼ W½NE¼ (All - 356.06 acres more or less)

Rule No. 9 Production from the Ute Com #1 Well from the Upper Barker Creek/Akah and Lower Barker Creek Formations are hereby approved to be commingled; production from the Ute #2R Well from the Ismay and Desert Creek Formations are hereby approved to be commingled; production from the Ute #5 Well from the Ismay and Desert Creek Formations are hereby approved to be commingled; production from the Ute #9A Well from the Ismay and Desert Creek Formations are hereby approved to be commingled; and production from the Ute #19 Well from the Ismay and Desert Creek Formations are hereby approved to be commingled.

IT IS FURTHER ORDERED, that the provisions contained in the above Order shall be come effective on the date specified below.

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.

Entered this - 10th day of July, 1995, effective as of March 20, 1995.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Patricia C. Beaver
Patricia C. Beaver, Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
May 30, 1995