

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

IN THE MATTER OF THE APPLICATION)	
OF GREAT WESTERN OIL AND GAS COMPANY,)	
LLC FOR AN ORDER ESTABLISHING A SPACING)	
UNIT AND POOLING CERTAIN INTERESTS)	CAUSE NO. 407
FOR PRODUCTION OF OIL AND GAS)	
FROM THE CODELL AND NIOBRARA)	ORDER NO. 407 - _____
FORMATIONS UNDERLYING CERTAIN)	
LANDS IN WELD COUNTY, COLORADO)	

The Applicant, Great Western Oil and Gas Company, LLC (the "Great Western"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing a 160-acre spacing unit for production from the Codell and Niobrara formations, and pooling all interest therein, as follows:

BACKGROUND

1. Great Western owns all of the oil and gas leasehold interest under the N/2SE/4 of Section 26, Township 6 North, Range 67 West, 6th. P.M., Weld County, Colorado. The owners of the oil and gas leasehold interest under the S/2 of said SE/4 are listed in the annexed **Exhibit "A."** There are no unleased mineral owners in the SE/4.

2. The Warde 26-1 Well, operated by Noble Energy, Inc., is located in the SW/4SE/4 of said Section 26 and produces from the Codell and Niobrara formation, from a unit composed of the S/2SE/4.

3. Great Western has drilled the Mershon 26-33 Well to a bottom hole location in the NW/4SE/4 and the Mershon 26-43 Well to a location in the NE/4SE/4 on a unit comprised of the N/4SE/4 of said Section 26. The Mershon 26-54 Well has been drilled (but not completed) to a bottom hole location in the center of the SE/4. No other wells are yet producing from said SE/4.

SPACING REQUEST

4. In Order No. 407-1, the Commission established 80 acre drilling and spacing units for production of oil and gas from the Codell and Niobrara formations underlying the SE/4 of said Section 26.

5. According to the records of the Commission, N/4 and S/4 laydown drilling and spacing units have been declared for Codell and Niobrara production from said SE/4.

6. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to decrease or increase the size of drilling units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

7. Commission Rule 318A (Greater Wattenberg Area Special Well Location Rule), provides that a well may be drilled and production commingled from formations, including the Codell and Niobrara formations, when the bottom hole location of such well is within a square with sides of 800 feet, the center of which is the center of any quarter section. Under the Policy on Staff Administrative Application of said Rule, where as here, spacing units are less than a governmental quarter-section, an applicant may apply to the Commission to separately space a well drilled to the center of a quarter-section.

8. Great Western requests that the Commission establish a 160-acre drilling and spacing unit consisting of the SE/4 of Section 26, for the Codell and Niobrara formations, for the Merchon 26-54 Well (the "Well" hereinafter) which has been drilled to the center of the SE/4 pursuant to Commission Rule 318A(a)(2).

9. Testimony before the Commission has previously established that 160-acre drilling units are not less than the maximum area than can be efficiently, economically and effectively drained by a single well producing oil, gas and associated hydrocarbons from the Codell and Niobrara formations underlying said SE/4.

10. The establishment of such a unit will prevent or assist in preventing waste by assuring that the wells in the center location in the SE/4 may be completed and produced without prejudice to the rights of other leasehold or mineral owners, and ensuring that the pool as a whole may be efficiently and economically developed.

11. The establishment of such a unit will protect the correlative rights of both leasehold owners and mineral owners.

12. The names and addresses of the interested parties, based upon Great Western's information and belief, are set forth on the annexed **Exhibit "A."**

INVOLUNTARY POOLING REQUEST

13. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit, for the development and operation thereof.

14. Great Western has attempted to obtain consent to the drilling, completion and operation of Well from the other leasehold owners within the SE/4, but has been unable to obtain

such agreements on a voluntary basis. The other lessees within the SE/4 have not agreed to farm out their interests to Great Western, or bear then proportionate share of the costs and risks of drilling, completion and operation of the Well.

15. An order of the Commission pooling all interests in the SE/4 as to production from the Well is necessary in order to afford each interest owner in the SE/4 the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying the SE/4.

16. The granting of such an order would not be prejudicial to the owners in the SE/4 and would protect correlative rights.

17. The granting of such an order would prevent or assist in preventing waste and ensure that the pool as a whole may be efficiently and economically developed.

REQUEST FOR HEARING AND ORDER

WHEREFORE, Great Western prays that this matter be set for hearing on March 20, 2006, that Notice of said Hearing be given as required by law, that an administrative hearing be held if no protests are timely received, and that following such hearing the Commission enter an Order in Cause 407 to:

A. Establish a 160-acre drilling and spacing units consisting of the SE/4 of Section 26 for the Merchon 26-54 Well drilled in the center of such quarter section, as authorized by Commission Rule 318A, for the production of oil and gas from the Codell and Niobrara formations.

B. Pool all leasehold interests in the said SE/4 with respect to production from the Codell and Niobrara formations from Great Western's Merchon 26-54 Well, and that such pooling order:

(1) be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the SE/4 the opportunity to recover or receive, without unnecessary expense, his just and equitable share of oil and gas;

(2) provide that production obtained from the SE/4 be allocated to each owner therein on the basis of the proportion that the number of mineral acres held by each owner in such drilling unit bears to the total number of mineral acres within the drilling unit;

(3) provide that Great Western be allowed to recover from any non-consenting owner's share of production the penalty costs as provided in Colorado Revised Statute Section 34-60-116 (7); and

(4) Require Great Western to provide each leasehold interest owner in said SE/4 with monthly statement of costs incurred together with the quantity of oil and gas produced and proceeds realized, pursuant to C.R.S. §34-60-116(8).

Respectfully submitted this 30th day of January 2006.

**LOHF SHAIMAN JACOBS HYMAN
& FEIGER, PC**

By _____
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Denver, Colorado 80246
Telephone: (303) 753-9000
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mmorgan@lohshaiman.com

Address of Applicant:

Great Western Oil and Gas Company
252 Clayton Street, Suite 400
Denver, CO 80206

EXHIBIT "A"

Leasehold Owners in the SE3 of Section 26, Township 6 North, Range 67 West

N/2 SE/4

Great Western Oil and Gas Company, LLC (Applicant)
252 Clayton Street, Suite 400
Denver, CO 80206

S/2 SE/4

Noble Energy, Inc.
1625 Broadway, Suite 2000
Denver, Colorado 80202

Willis Enterprises Corporation
Attn: Donald Willis
904 "G" Street
Snyder, OK 7356

SOCO Wattenberg Corporation
1625 Broadway, Suite 2000
Denver, Colorado 80202

Four W Investments
Attn: Tim Warde
1405 42nd Avenue
Greeley, CO 80634

Clark Eugene Weaver III
2327 Executive Drive
Garland, TX 75041-6122

VERIFICATION

STATE OF COLORADO)
)
COUNTY OF WELD) **ss.**

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. He is a Certified Professional Landman who maintains his Office at 1610 29th Avenue Place, Suite 100, Greeley, Colorado 80634.
2. He is an agent for the Applicant, Great Western Oil and Gas Company, whose address is 252 Clayton Street, Suite 400, Denver, CO 80206.
3. He has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.

William G. Crews

Subscribed and sworn to before me this _____ day of January, 2006

Witness my hand and official seal.

My commission expires: _____

Notary Public

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 30th day of January, 2006, she served a copy of the foregoing verified application via first-class U.S. Mail, postage prepaid, upon the following:

Noble Energy, Inc.
1625 Broadway, Suite 2000
Denver, Colorado 802020

Willis Enterprises Corporation
Attn: Donald Willis
904 "G" Street
Snyder, OK 7356

SOCO Wattenberg Corporation
1625 Broadway, Suite 2000
Denver, Colorado 80202

Four W Investments
Attn: Tim Warde
1405 42nd Avenue
Greeley, CO 80634

Clark Eugene Weaver III
2327 Executive Drive
Garland, TX 75041-6122

Tonja L. Hoisington, Legal Assistant