

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

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR)
AN ORDER POOLING ALL NONCONSENTING)
INTERESTS IN THE CODELL-NIOBRARA)
FORMATION IN AN ESTABLISHED 80-ACRE)
DRILLING AND SPACING UNIT LOCATED IN)
THE WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. _____

Docket No. _____

APPLICATION

Kerr-McGee Oil & Gas Onshore LP (referred to herein as “Applicant”), by and through its undersigned attorney, hereby submits this application to the Oil and Gas Conservation Commission of the State of Colorado (“COGCC”), for an order to pool all non-consenting interests for the drilling of a well in a 160-acre drilling and spacing unit in the Codell-Niobrara Formation in the NE/4 of Section 24, Township 5 North, Range 66 West, 6th P.M., Weld County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. That the Applicant is a limited partnership duly authorized to conduct business in the State of Colorado.
2. That the Applicant owns certain leasehold interests in the unit requested for pooling.
3. That pursuant to COGCC Orders originally established in Cause No. 407, specifically Order Nos. 407-1 and 407-10, 80-acre drilling and spacing units for the Codell-Niobrara Formation were established, including the following described lands at issue in this Application. These lands are also subject to the provisions of Rule 318A of the Rules and Regulations of this Commission which allows designation of 160-acre drilling and spacing units in order to properly allocate production.

Township 5 North, Range 66 West, 6th P.M.
Section 24: NE/4

4. Applicant proposes to drill the following well within the 160-acre drilling and spacing unit described in paragraph 3 above as follows: SEGL 17-24, T5N, R66W, Section 24: NE/4, with proposed bottomhole to be located 1240’ FNL and 1480’ FEL as reflected on the approved APD attached hereto as Exhibit B.
5. That some of the parties listed on Exhibit A hereto own separate leased mineral interests in the NE/4 of Section 24 encompassed within the drilling and spacing unit, and such parties have been offered the option to participate in the drilling of the well in the unit, but to date one or more of such parties have refused to participate by bearing their proportionate shares of the costs and risks of drilling or operating the wells. An AFE containing the information required by COGCC Rule 530.a. was sent regarding this well more than thirty (30) days prior to the date of the hearing on this Application. A copy of an example of such AFE and letter is attached hereto as Exhibit C.
6. Moreover, that with respect to any non-consenting owners of unleased mineral interests listed on Exhibit A, Applicant has made reasonable attempts pursuant to COGCC Rule 530.b. to enter into leases with such parties but has as of yet been unsuccessful in such attempts.
7. That in order to prevent waste, protect correlative rights and in the best interests of conservation, all interests owned by the nonconsenting parties listed on Exhibit A should be pooled in the Codell-Niobrara Formation in accordance with C.R.S. § 34-60-116 and Rule 530 of the COGCC.

8. That the names and addresses of the interested parties with respect to this Application are as set forth in Exhibit A hereto.

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 all leasehold working interest owners with whom Applicant has been unable to secure an agreement for the drilling of the proposed well and all unleased mineral interests owners who refuse to execute a lease as described in paragraphs 4 and 5 be pooled involuntarily with respect to the Codell-Niobrara Formation well, and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the terms and penalties provided for therein.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 5th day of September, 2006.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____
Michael J. Wozniak
BEATTY & WOZNIAK, P.C.
216 16th Street, Suite 1100
Denver, CO 80202
(303) 407-4499

Applicants' Address:

1999 Broadway, Suite 3700
Denver CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

Joseph Lorenzo of lawful age, being first duly sworn upon oath, deposes and says that he is the Land Manager, DJ Basin for Kerr-McGee Oil & Gas Onshore LP and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Joseph Lorenzo

Subscribed and sworn to before this ____ day of September, 2006.

Witness my hand and official seal.

My commission expires:

Notary Public

[SEAL]

Interested Parties
SEGL 17-24

Heritage Inn of Greeley, Inc.
c/o Tharaldson Lodging
1202 Westrac Drive
Fargo, North Dakota 58730

Holland Real Estate LLC
1515 N. Academy Blvd., Ste. 400
Colorado Springs, Colorado 80909

The Kirk Family Trust (minerals)
950 Logan Ct.
Loveland, Colorado 80538

Leased

Lamar 2000 Holding Corporation
c/o Clearview Greeley, LP
2311 Cedar Springs Rd., Ste. 100
Dallas, Texas 75201

William R. McDonough
c/o Professional Hospitality
2418 Crossroads Drive, Suite 3800
Madison, Wisconsin 53718-2429

Carl Meyer & Extra Meyer, Co-Trustees
224 W. 49th Ave Place
Greeley, Colorado 80634

Conrad Meyer
224 W. 49th Ave Place
Greeley, Colorado 80634

Tushar R. Patel & Piyush Patel
2467 West 29th Street
Greeley, Colorado 80634

Phelps-Tointon, Inc.
1722 Glenn Meadows Dr.
Greeley, Colorado 80632

Pioneer Press of Greeley, Inc.
2965 - 27th Avenue
Greeley, Colorado 80631

S & S Lodging Development, LLC
2423 West 29th Street
Greeley, Colorado 80631

Janice D. Sears
1221 - 8th Avenue
Greeley, Colorado 80631

Leased

Roger D. Sears Family Trust
7211 West Canberra St. Dr.
Greeley, Colorado 80634

Leased

Spirit Hospitality, LLC
4836 South College
Fort Collins, Colorado 80525

Leased

T & B Greeley, LC, dba Kmart Corp
c/o Jim Talbott
773 Northridge Court
Farmington, Utah 84025

Wal-Mart Real Estate Business Trust
1301 SE 10th Street
Bentonville, Arkansas 72716-0555

Wal-Mart Real Estate Business Trust
c/o Tesoro Ref & Mark Co Real Estate Dept
3450 South 344 Way, Ste. 100
Auburn, Washington 98001-5931

Watson Family, LLP
20295 Weld Co Rd 66
Greeley, Colorado 80631

Leased