

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

IN THE MATTER OF THE APPLICATION)	
OF ORR ENERGY, LLC FOR AN ORDER)	
DECREASING THE SIZE OF DRILLING)	
AND SPACING UNITS FOR THE)	CAUSE NO. 381
PRODUCTION OF OIL AND GAS)	ORDER NO. 381-_____
FROM THE CODELL AND NIOBRARA)	
FORMATIONS UNDERLYING CERTAIN)	
LANDS IN WELD COUNTY, COLORADO)	

VERIFIED APPLICATION

The Applicant, Orr Energy, LLC (Orr), by and through its undersigned counsel, respectfully petition the Oil and Gas Conservation Commission of the State of Colorado (the Commission) as follows:

BACKGROUND

Existing Leasehold Interest and Wells.

1. Orr owns oil and gas leases covering substantially all of the oil and gas under the NW1/4SW1/4 of Section 33, Township 6 North, Range 66 West, 6th P.M., Weld County, Colorado ("Section 33" hereinafter).
2. On information and belief, minerals in the SW1/4SW1/4 are owned by Anadarko Land Corp and/or Anadarko E&P Company LP, portions of which are subject to oil and gas leases in favor of Kerr McGee Oil & Gas Onshore LP.
3. The records of the Commission indicate that no wells have been drilled in the SW1/4 of Section 33, and no spacing units have yet been declared for production from the Codell, Niobrara or J-Sandstone formations underlying the SW1/4 of Section 33.
4. Orr has or will obtain a permit from the Commission for drilling the PRR 33-13 well, in the NW1/4 SW1/4 of Section 33, for commingled production from the Codell, Niobrara and J Sandstone formations.

Existing Commission Orders.

5. By Orders 381-1, 381-2 and 381-5, the Commission established 80-acre drilling and spacing units for production of oil and gas from the Codell and Niobrara formations underlying Section 33.

6. On information and belief, the SW $\frac{1}{4}$ of Section 33 has not been spaced for production from any formation other than the Codell and Niobrara.

7. By Order 381-3, the Commission permitted multiple completion and commingling of the Codell and Niobrara formations in Section 33, where there is no difference in ownership between formations.

8. By Order 381-4, the Commission granted the option to drill an additional well on each 80-acre drilling and spacing unit, in the undrilled 40-acre tract, for production from the Codell and Niobrara formations in the SW $\frac{1}{4}$ of Section 33.

9. In the adjacent Section 32, by Order 381-8 the Commission established 40-acre units consisting of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ for production from the Codell, Niobrara, "J" Sand and Sussex formations.

10. Through its adoption of Rule 318A, the Commission has authorized, among other things, the drilling of wells in each 40-acre governmental quarter-quarter section of Section 33, to the Codell, Niobrara and J Sandstone formations, and the commingling of production from such formations.

11. By application of the above Rule and Orders, the Commission has necessarily found that 40-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, Niobrara and J Sandstone formations underlying the SW $\frac{1}{4}$ of Section 33.

SPACING REQUEST

12. Colorado Revised Statute §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.

13. Orr requests that the Commission confirm spacing units in the SW $\frac{3}{4}$ of Section 33, for the Codell and Niobrara formations, consisting of the E $\frac{1}{2}$ SW $\frac{1}{4}$ and the W $\frac{1}{2}$ SW $\frac{1}{4}$.

14. Orr further requests that the Commission enter an Order reducing the size of drilling and spacing units for the Codell, Niobrara and J Sandstone formations in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 33 by establishing segregated 40-acre drilling and spacing units comprised of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{3}{4}$ SW $\frac{3}{4}$ of Section 33.

15. As testimony before the Commission has previously established, and Rule 318A necessarily finds, that 40-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, Niobrara and J Sandstone formations underlying the SW $\frac{1}{4}$ of Section 33.

16. The establishment of such units will prevent or assist in preventing waste by assuring that all potential locations may be drilled 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.

17. The establishment of such units will protect the correlative rights of both leasehold and mineral owners.

18. The names and addresses of all who may claim to be interested parties, based upon Applicants= information and belief, are set forth on the annexed **Exhibit "A."**

REQUEST FOR HEARING AND ORDER

WHEREFORE, Orr Energy, LLC prays that this matter be set for hearing on January 13 and 14, 2009, that Notice of said Hearing be given as required by law, and that following such Hearing the Commission enter an Order:

A. Confirming the spacing units in the SW $\frac{3}{4}$ of Section 33 for the Codell and Niobrara formations to be the E $\frac{1}{2}$ SW $\frac{1}{4}$ and the W $\frac{1}{2}$ SW $\frac{1}{4}$; and

B. Reducing the size of drilling and spacing units for the Codell and Niobrara formations, and establishing drilling and spacing units for the J Sand formation in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 33, by establishing segregated 40-acre drilling and spacing units comprised of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 33.

RESPECTFULLY SUBMITTED this 20th day of November, 2008.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____

J. Michael Morgan #7279
950 South Cherry Street, Suite 900
Denver, CO 80246
(303) 753-9000; (303) 753-9997 (fax)
mmorgan@lohfshaiman.com

Address of Applicant:

Orr Energy, LLC
826 9th Street
Greeley, CO 80631

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. She is a Certified Professional Landman who maintains her office at 8203 West 20th Street, Suite B, Greeley, Colorado 80634.
2. She is a consultant for the Applicant, Orr Energy, LLC.
3. She 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 her knowledge and belief.

Further Affiant sayeth not.

Cynthia A. E. Zeren, CPL

Subscribed and sworn to before me this _____ day of November, 2008.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT "A"

Persons Who May be Interested Parties

W½SW¼ of Section 33, Township 6 North, Range 66 West, 6th P.M.

NW1/4SW1/4

Persons Who May Claim an Interest:

Orr Resources, LLC
826 9th Street
Greeley, CO 80631

Union Central Life Insurance Company
P.O. Box 40888
Cincinnati OH, 45240-0880

Weld County, Colorado
1000 10 St
Greeley CO, 80631

The Meadows at Poudre River Ranch of
Greeley Sub-Association
C/O Greeley Comm. MGMT
P.O. Box 336276
Greeley CO, 80633

John E. Boyd and Amy E. Boyd
49 Yukon Cir
Bloomington, IL 61704-8824

Bonnie E. White Trust dated August 21, 1991
6929 Poudre River Rd. #2
Greeley CO, 80634

Leslie D. Matson and M. Susan Matson
6929 Poudre River Rd. #3
Greeley CO, 80634

William A. Stinson and Peggy L. Stinson
6929 Poudre River Rd. #4
Greeley CO, 80634

Delbert L. Stevens and Leona I. Stevens
7003 Poudre River Rd. #1
Greeley CO, 80634

James G. Tinsley and Thomas J. Sas
7003 Poudre River Rd. #2
Greeley CO, 80634

Harold Dean Stumpf and Linnea R. Stumpf
7003 Poudre River Rd. #3
Greeley CO 80634

Frankie Rogers and Paul Greene
1765 Stove Prairie Cir.
Loveland, CO 80538-3408

Mary Jane Dewars and Craig A. Dewars
7003 Poudre River Rd. #5
Greeley CO, 80634

Eugene Thomas Bower and
Zula Rae Bower Revocable Living Trust
7003 Poudre River Rd. #6
Greeley CO, 80634

Betty A. Briqualeur
7003 Poudre River Rd. #7
Greeley CO, 80634

Horton Living Trust
7003 Poudre River Rd. #8
Greeley CO, 80634

Michael J. Engrav and Suzanne Engrav
7003 Poudre River Rd. #9
Greeley CO, 80634

Lonnie L. Ochsner and Revecca J. Ochsner
640 N Cache Ct.
Greeley CO, 80634

Thomas E. Selders and Sandra L. Selders
1357 43rd Ave. #55
Greeley CO, 80634-2418

Leasehold Owners:

Orr Energy, LLC
826 9th Street
Greeley, CO 80631

SW1/4SW1/4

Persons Who May Claim Mineral Ownership:

Andarko Land Corp.
Anadarko E&P Company LP
c/o Anadarko Petroleum Corporation
P.O. Box 9149
The Woodlands, TX 77387-9147

Leasehold Owners:

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Suite 1500
Denver, CO 80202

CERTIFICATE OF MAILING

I hereby certify that on the 20th day of November, 2008, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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826 9th Street
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Tonja L. Hoisington, Paralegal