

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

IN THE MATTER OF THE APPLICATION OF	)	
PETROLEUM DEVELOPMENT CORP. FOR AN	)	CAUSE NOS. 232, 407 & 499
ORDER POOLING CERTAIN NONCONSENTING	)	
INTERESTS IN THE "J" SAND FORMATION AND TO	)	DOCKET NO.
SEGREGATE AN ESTABLISHED DRILLING AND	)	
SPACING UNIT LOCATED IN THE WATTENBERG	)	
FIELD, WELD COUNTY, COLORADO	)	

**APPLICATION**

COMES NOW, Petroleum Development Corp. ("Applicant"), by and through its undersigned counsel, and on behalf of its wholly-owned subsidiary, Unioil, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("COGCC") for an order pooling all nonconsenting interests for wells drilled to the "J" Sand Formation in the lands described in Paragraph 2, such lands comprising an existing 320-acre drilling and spacing unit for the "J" Sand Formation, pursuant to Commission Order 232 *et. seq.* In addition, Applicant requests the segregation of the working interests in this existing unit by dividing it into separate 160-acre units in the NW/4 and SW/4 respectively. In support thereof, Applicant states as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good-standing with the COGCC.

2. Applicant owns leasehold interests in the unit requested for pooling:

W/2 of Section 21, Township 5N, Range 67W, 6<sup>th</sup> P.M., Weld County, Colorado

Because the NW/4 (only) of this unit is covered by a Joint Operating Agreement ("JOA"), Applicant requests that the working interests in this existing 320-acre unit be segregated by establishing two units of equal size, comprising 160 acres in the NW/4 and SW/4 respectively. Such segregation will facilitate production accounting, because, under the JOA covering the NW/4, the participating parties may elect to take on their proportional share of the working interests of the non-participating parties.

3. Applicant has drilled the seven wells listed below and shown in red on the plat attached hereto as Exhibit 1, for which it is requesting that this order apply, as of the spud date of each well:

- Wiedeman 11-21U
- Wiedeman 21-21U
- Wiedeman 12-21U
- Wiedeman 22-21U
- Wiedeman 13-21
- Wiedeman 21-B
- Wiedeman 24-21

4. The parties shown on Exhibit 2 hereto own separate, and uniform, leasehold working interests in the referenced lands, and such parties have been offered the option to participate in the drilling of the wells, but, to date, one or more of the parties has declined, or failed to respond to, such offers. With respect to two of the parties -- OMX Corp., and Midwest Capital Financial Services, Inc. -- such offers have been returned as undeliverable and Applicant has been unable to locate these parties, or a successor in interest, despite diligent efforts.

5. Authorizations For Expenditure ("AFEs") containing the information required by COGCC Rule 530.a were sent to the parties regarding these wells more than thirty (30) days prior to the date of the hearing on this Application. A sample of the well

proposal letter and a representative AFE are attached as Exhibits 3 and 4. As of the date of this application, the status of each offer to participate is shown on Exhibit 2.

6. That the names and last-known addresses of the interested parties with respect to this Application are set forth in Exhibit 2, and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the date hereof, as required by COGCC Rule 503.e.

7. That in order to prevent waste and to protect correlative rights, all non-consenting interests shown on Exhibit 2 should be pooled for the "J" Sand Formation in accordance with C.R.S 34-60-116 and COGCC Rule 530.

8. That in the best interests of conservation, including accurate production accounting, the working interests in the existing 320-acre drilling and spacing unit in the W/2 of Section 21, Township 5N, Range 67W, 6<sup>th</sup> P.M., Weld County, Colorado, should be segregated by establishing two separate units of 160 acres in the NW/4 and SW/4 respectively.

WHEREFORE, Applicant requests that this matter be set for hearing at the next available opportunity and that notice thereof be provided as required by law, and that upon such hearing, this Commission enter its order:

A. That all leasehold interest owners with whom the Applicant has been unable to secure an agreement to participate the drilling of the wells described in this Application be pooled involuntarily with respect to the "J" Sand Formation, and that such owners be treated as nonconsenting owners under C.R.S. 34-60-116 and be made subject to the terms and penalties provided for therein, as of the spud date of each of the wells described in this Application.

B. That the working interests in the existing 320-acre drilling and spacing unit in the W/2 of Section 21, Township 5N, Range 67W, 6<sup>th</sup> P.M., Weld County, Colorado, be segregated by establishing two separate units of 160 acres in the NW/4 and SW/4 respectively.

C. For such other findings and orders as the Commission may deem proper or advisable in this matter.

RESPECTFULLY SUBMITTED THIS 20<sup>TH</sup> DAY OF APRIL, 2009:

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