

**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, AND ESTABLISHING)	
SUCH UNITS FOR THE J SANDSTONE)	
FORMATION UNDERLYING CERTAIN)	
LANDS IN WELD COUNTY, COLORADO)	

VERIFIED APPLICATION

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

BACKGROUND

Existing Leasehold Interest and Wells.

1. Orr owns oil and gas leases covering all of the oil and gas under the SW1/4NW1/4 of Section 33, Township 6 North, Range 66 West, 6th P.M., Weld County, Colorado ("Section 33" hereinafter).
2. Minerals in the NW¼NW¼ are owned by a number of individuals. Some of these interests are subject to oil and gas leases in favor of Orr and Transcontinent Oil Company.
3. The records of the Commission indicate that no wells have been drilled in the W1/2NW1/4 of Section 33. Spacing units for production from the Codell and Niobrara formations underlying the NW1/4 of Section 33 have been declared as the E1/2 and W1/2.
4. Orr has obtained a permit from the Commission for drilling the AG #33-12 well, in the SW1/4NW1/4 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 NW3 of Section 33 has not been spaced for production from the J Sandstone formation.

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 un-drilled 40-acre tract, for production from the Codell and Niobrara formations in the NW1/4 of Section 33.

9. In the section to the west and quarter-section to the south of the subject lands, the Commission has granted relief identical to that requested in this Application. In the adjacent Section 32, by Order 381-8, the Commission established 40-acre units consisting of the SW1/4SW1/4 and NW1/4SW1/4 for production from the Codell, Niobrara, J Sandstone and Sussex formations. In the adjacent SW1/4 of Section 33, by Order 381-9, the Commission established 40-acre units consisting of the NW1/4SW1/4 and the SW1/4SW1/4 for production from the Codell, Niobrara and J Sandstone 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 W1/2W1/4 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 enter an Order reducing the size of drilling and spacing units for the Codell and Niobrara formations in the W1/2NW1/4 of Section 33, by establishing segregated 40-acre drilling and spacing units comprised of the NW1/4NW1/4 and SW1/4NW1/4 of Section 33.

14. Orr further requests that the Commission enter an Order establishing 40-acre drilling and spacing units for the J Sandstone formation comprised of the NW1/4NW1/4 and SW1/4NW1/4 of Section 33.

15. 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 W1/2NW1/4 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. On information and belief, based on reasonable inquiry, the names and addresses of all persons who may claim to be interested parties, 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 March 30 and 31, 2009, that Notice of said hearing be given as required by law, and that following such hearing the Commission enter an Order:

A. Reducing the size of drilling and spacing units for the Codell and Niobrara formations in the W1/2NW1/4 of Section 33, by establishing segregated 40-acre drilling and spacing units comprised of the NW1/4NW1/4 and SW1/4NW1/4 of Section 33; and

B. Establishing 40-acre drilling and spacing units for the J Sandstone formation comprised of the NW1/4NW1/4 and SW1/4NW1/4 of Section 33.

RESPECTFULLY SUBMITTED this 5th day of February, 2009.

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@lohshaiman.com

Address of Applicant:

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

VERIFICATION

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

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

1. He is an attorney licensed to practice in the State of Colorado, who maintains his office at 950 South Cherry Street, Suite 900, Denver, Colorado 80246.
2. He has examined copies of all documents recorded in the real property records of Weld County, Colorado which Cynthia A. E. Zeren, CPL believed material in determining interested parties in and to W1/2NW1/4 of Section 33, as reflected in the tract indices and computerized records maintained by Lawyers Title Insurance Company of Greeley.
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.

J. Michael Morgan

Subscribed and sworn to before me this 5th day of February, 2009.

Witness my hand and official seal.
My commission expires: September 13, 2009

Tonja L. Hoisington, Notary Public

EXHIBIT "A"

Persons Who May be Interested Parties

W1/2NW1/4 of Section 33, Township 6 North, Range 66 West, 6th P.M.

SW1/4 NW1/4

Persons Who Claim a Leasehold Interest:

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

Persons Who May Claim Mineral Interests:

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

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

Harrison H. Hull, Trustee
Hull Family Trust dated 10/31/94
701 Sixth Street, Apartment 7D
Windsor, CO 80550-5352

NW1/4 NW1/4

Persons Who Claim a Leasehold Interest:

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

Transcontinent Oil Company
621 17th Street, Suite 1201
Denver, CO 80293

Persons Who May Claim Mineral Interests:

Mary Irene Blake
7511 Shallowford Rd., Creekside Apt. 114
Chattanooga, TN 37421

Richard W. Goetzel & Maryann Goetzel
13489 WCR 66
Greeley, CO 80631

Janet L. Lorentz
5118 East 5th Avenue
Spokane, WA 99212

Frances H. Lindsley
508 West Trilby Road, Apt. 414
Fort Collins, CO 80525

Harold C. Buxman and Doris F. Buxman
14441 WCR 66
Greeley, CO 80631

Darlene L. Torkelson & David M. Torkelson
4780 West 103rd Court
Westminster, CO 80030

CERTIFICATE OF MAILING

I hereby certify that on the 5th day of February, 2009, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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

Darlene L. Torkelson & David M. Torkelson
4780 West 103rd Court
Westminster, CO 80030

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Tonja L. Hoisington, Paralegal