

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

IN THE MATTER OF THE APPLICATION OF OXY)	
USA WTP LP FOR AN ORDER ESTABLISHING)	
WELL DENSITY, LOCATION AND SETBACK)	CAUSE NO. 510
RULES FOR THE WILLIAMS FORK AND THE ILES)	
FORMATIONS OF THE MESAVERDE GROUP FOR)	
CERTAIN DESCRIBED LANDS IN THE GRAND)	DOCKET NO.
VALLEY FIELD AREA, GARFIELD COUNTY,)	
COLORADO)	

VERIFIED APPLICATION

COMES NOW, OXY USA WTP LP ("Applicant"), a Texas limited partnership, by its attorneys, Poulson, Odell & Peterson, LLC, and makes verified application to the Oil and Gas Conservation Commission of the State of Colorado for an order establishing well density, location, and setback rules applicable to the drilling and producing of wells from the Williams Fork and the Iles Formation of the Mesaverde Group covering certain described lands in the Grand Valley Field area in Garfield County and in support of its application states and alleges as follows:

1. That Applicant is a limited partnership duly authorized to conduct business in the State of Colorado.

2. That Applicant either owns a mineral interest by fee or leasehold in all or a substantial portion of the following described lands, or has been granted the approval of such owners to include their respective lands in this Application (hereinafter "Application Lands"):

Township 5 South, Range 96 West, 6th P.M.

Section 31: SE $\frac{1}{4}$, and Lots 1 and 2

Township 6 South, Range 97 West, 6th P.M.

Section 2: S $\frac{1}{2}$, and Lots 9, 10, 15, 16, 21 and 22

Section 3: Lots 7 through 16, and S $\frac{1}{2}$

Sections 4 and 5: All

Section 6: Lots 13 through 18, Lots 22 through 25, and E $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$

Section 8: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$

Sections 9 and 10: All

Section 11: W $\frac{1}{2}$, and SE $\frac{1}{4}$

Section 14: S $\frac{1}{2}$

Sections 15 through 17: All

Section 18: E $\frac{1}{2}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$

Section 19: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ and E $\frac{1}{2}$ W $\frac{1}{2}$ NW $\frac{1}{4}$

Sections 20 through 22: All

Section 23: NW $\frac{1}{4}$

Section 28 and 29: All

Sections 32 through 34: All

Township 7 South, Range 96 West, 6th P.M.

Section 9: S $\frac{1}{2}$

Section 10: SW $\frac{1}{4}$

Section 15: NW $\frac{1}{4}$

Section 16: All

Section 17: NE $\frac{1}{4}$ and S $\frac{1}{2}$

Section 18: S $\frac{1}{2}$

Section 19: N $\frac{1}{2}$, and SW $\frac{1}{4}$

Section 20: N $\frac{1}{2}$

Section 30: NW $\frac{1}{4}$

Township 7 South, Range 97 West, 6th P.M.

Section 3: Tracts 71 and 72, Amended Tract 75, Lots 5-7, and SE $\frac{1}{4}$ SE $\frac{1}{4}$

Sections 3, 4 and 9: Tract 77F

Section 4: Tracts 77B, 77C, 79E, 79F and 79G

Section 5: Subtracts A and B of Tract 82, Subtracts A and B of Tract 83, and the portions of Tracts 80 and 81 lying in Section 5, and Lots 5 -10, Tracts 84 and 85

Sections 6 and 7: All

Section 8: The E $\frac{1}{2}$ of Tract 39 and 1.26 acres out of the NW corner of Tract 39, Lots 1 – 8, and Tracts 85, 88 and 89

Section 9: Lots 1 and 2, Tracts 92, 93, 94A, 94B, 94C, 94D, 94E, 94F and 95

Section 10: All

Section 11: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 12: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 13: All

Section 14: W $\frac{1}{2}$

Sections 15 and 16: All

Section 17: Lots 1 – 9, Tracts 103 and 111, S $\frac{1}{2}$ SE $\frac{1}{4}$, and Tract 89

Section 18: Lots 5 – 10, Tracts 103 and 104, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, and Tracts 89 and 91

Section 19: Lots 5 – 9, W $\frac{1}{2}$ NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$

Section 20: Lots 1-3, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 21: Lots 3 and 4, Tract 112A (Echo #2), Tract 113 (Echo #3), Tract 114A, Tract 114 B (Echo #1 claim), tract 115A (Echo #4), Tract 124 A1 (Echo #6), and Lots 112B and 112 C

Section 22: All

Sections 23 and 24: All

Section 25: N $\frac{1}{2}$

Section 26: N $\frac{1}{2}$, and Tracts 121B and 121C

Section 27: Tract 120A (Texas #41), Tracts 121 B and C (Ransom #6 claim), Tract 122 (Texas #30), Tracts 123A and B (Ransom #5 claim), and Tract 124 A1 (Echo #6)

Section 28: Tract 124 A1

3. That as to a minor portion of the Application Lands, Applicant owns a leasehold interest in the following described lands (both the surface and mineral estate of which are owned by the United States of America):

Township 7 South, Range 97 West, 6th P.M.

Section 8: The E½ of Tract 39 and 1.26 acres out of the NW corner of Tract 39

Section 17: Tract 89

Section 18: Tracts 89 and 91

Section 21: Lots 112B and 112C

Section 22: Tract 112B

Section 26: Tracts 121C and 121B

4. That, as to the foregoing described lands in Paragraph 3 above, and the following lands included herein:

Township 5 South, Range 96 West, 6th P.M.

Section 31: SE ¼, and Lots 1 and 2

with respect to both the Williams Fork and Iles Formations, these two minor portions of the Application Lands are unspaced and thus subject to Commission Rule 318(a) which provides that wells to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than twelve hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

5. That other operators have drilled, tested and completed various wells in the Williams Fork and Iles Formations of the Mesaverde Group upon lands either adjoining or in the vicinity of the Application Lands on 10-acre density and with the well setbacks proposed hereinbelow, including under Commission Order 510-29 entered the 11th day of December, 2006, as of November 27, 2006; under Commission Order 510-43 entered the ____ Day of July, 2008, as of July 15, 2008; and, under Commission Order 510-44 entered the ____ Day of August 2008, as of August 19, 2008.

6. That to promote efficient drainage within the Williams Fork and the Iles Formations of the Mesaverde Group of the Application Lands, the Commission should increase the number of wells which can be optionally drilled into and produced from the Williams Fork or the Iles Formations, or both, on these Application Lands listed hereinabove in Paragraphs 3 and 4 to the equivalent of one well per 10 acres, and furthermore, that as to all future Williams Fork and Iles Formation wells to be drilled upon the Application Lands, each well may be located downhole anywhere but no

closer than one hundred (100) feet from the outside boundary of the Application Lands unless such boundary abuts or corners land in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density wells, in which event the Williams Fork and Iles Formation wells to be drilled upon the Application Lands shall be drilled downhole no closer than two hundred (200) feet from that portion of the boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for the Williams Fork or Iles Formation wells have not been ordered by the Commission.

7. That, as to the Williams Fork Formation of the Mesaverde Group alone, most of the Application Lands, save for those referenced in Paragraphs 3 and 4 hereinabove, previously have been approved for 10-acre density drilling with the 100-foot and 200-foot well setbacks referenced in Paragraph 6 hereinabove as follows:

a. As per Commission Order 510-15 entered the 26th Day of July, 2005, as of July 11, 2005:

Township 6 South, Range 97 West, 6th P.M.

Section 3: Lots 7 through 16, and S $\frac{1}{2}$

Sections 4 and 5: All

Section 6: Lots 13 through 18, Lots 22 through 25, and E $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$

Section 8: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$

Sections 9 and 10: All

Sections 15 through 17: All

Section 18: E $\frac{1}{2}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$

Section 19: NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$

Sections 20, 29 and 32: All

Township 7 South, Range 97 West, 6th P.M.

Section 5: Subtracts A and B of Tract 82, Subtracts A and B of Tract 83, and the portions of Tracts 80 and 81 lying in Section 5

Sections 6 and 7: All

b. As per Commission Order 510-18 entered the 8th Day of February, 2006, as of January 9, 2006:

Township 6 South, Range 97 West, 6th P.M.

Section 2: S $\frac{1}{2}$

Section 11: W $\frac{1}{2}$, and SE $\frac{1}{4}$

Section 14: S $\frac{1}{2}$

Sections 21 and 22: All

Sections 28 and 33: All

c. As per Commission Order 510-20 entered the 9th Day of May, 2006, as of April 24, 2006:

Township 6 South, Range 97 West, 6th P.M.

Section 14: N $\frac{1}{2}$ (?)

Section 23: NW $\frac{1}{4}$

Section 27: All (?)

d. As per Commission Order 510-26 entered October 11, 2006, as of September 18, 2006:

Township 6 South, Range 97 West, 6th P.M.

Section 34: Lots 1 and 2

Township 7 South, Range 96 West, 6th P.M.

Section 9: S $\frac{1}{2}$

Section 10: SW $\frac{1}{4}$

Section 15: NW $\frac{1}{4}$

Section 16: All

Section 17: NE $\frac{1}{4}$ and S $\frac{1}{2}$

Section 18: S $\frac{1}{2}$

Section 19: N $\frac{1}{2}$ and SW $\frac{1}{4}$

Section 20: N $\frac{1}{2}$

Section 30: NW $\frac{1}{4}$

Township 7 South, Range 97 West, 6th P.M.

Section 3: Tracts 71 and 72, Amended Tract 75, Lots 5-7, and SE $\frac{1}{4}$ SE $\frac{1}{4}$

Sections 3, 4 and 9: Tract 77F

Section 4: Tracts 77B, 77C, 79E, 79F and 79G

Section 5: Lots 5 -10, Tracts 84 and 85

Sections 6 and 7: All

Section 8: Lots 1 – 8, Tracts 85, 88 and 89

Section 9: Lots 1 and 2, Tracts 92, 93, 94A, 94B, 94C, 94D, 94E, 94F and 95

Section 10: All

Section 11: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 12: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 13: All

Section 14: W $\frac{1}{2}$

Sections 15 and 16: All

Section 17: Lots 1 – 9, Tracts 103 and 111, and S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 18: Lots 5 – 10, Tracts 103 and 104, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 19: Lots 5 – 9, W $\frac{1}{2}$ NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$

Section 20: Lots 1-3, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 21: Lots 3 and 4, Tract 112A (Echo #2), Tract 113 (Echo #3), Tract 114A, Tract 114 B (Echo #1 claim), tract 115A (Echo #4), Tract 124 A1 (Echo #6)

Section 22: All except Tract 112B
Sections 23 and 24: All
Section 25: N½
Section 26: N½
Section 27: Tract 120A (Texas #41), Tracts 121 B and C (Ransom #6 claim),
Tract 122 (Texas #30), Tracts 123A and B (Ransom #5 claim), and
Tract 124 A1 (Echo #6)
Section 28: Tract 124 A1

e. And, as per Commission Order 510-41 entered the 30th Day of May, 2008,
as of May 8, 2008:

Township 6 South, Range 97 West, 6th P.M.
Section 19: E½ W½ NW¼

8. That, as to the Iles Formation of the Mesaverde Group, now subject to Commission Rule 318(a) with respect to well density and setbacks as cited in Paragraph 6 hereinabove, the Application Lands listed hereinabove in Paragraph 7 should be approved for drilling on 10-acre density also in the Iles Formation consistent with current well density for the Williams Fork Formation, and furthermore, that as to all future Williams Fork and Iles Formation wells to be drilled upon the Application Lands, each well may be located downhole anywhere but no closer than one hundred (100) feet from the outside boundary of the Application Lands unless such boundary abuts or corners land in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density wells, in which event the Williams Fork and Iles Formation wells to be drilled upon the Application Lands shall be drilled downhole no closer than two hundred (200) feet from that portion of the boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for the Williams Fork or Iles Formation wells have not been ordered by the Commission.

9. Applicant commits that wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one drilled pad located on a given quarter quarter section unless exception is granted by the Commission's Oil and Gas Director, and that both the Williams Fork and Iles Formations will be reached from a single well bore to limit drilling and promote economic gas recovery from both formations, such that separate wells will not be drilled to reach each formation.

10. That the above-proposed spacing, density and well location rules will allow development of both the Williams Fork and the Iles Formations to occur; will not promote waste; will not violate correlative rights; and, will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir at issue.

11. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in March, 2009; that notice be given as required by law; and, that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this _____ day of February, 2009.

OXY USA WTP LP

Applicant's Address:

OXY USA WTP LP
5 E. Greenway Plaza, Suite 110
Houston, Texas 77046

By: _____

Scott M. Campbell
Nick A. Swartzendruber
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Phone: (303) 861-4400

STATE OF TEXAS)
)
COUNTY OF HARRIS) ss.

Brent G. Sonnier, of lawful age, being first duly sworn upon oath, deposes and says that he is the Senior Regulatory Advisor for OXY USA WTP LP, the he has read the foregoing Application, and that the matters therein contained are true to the best of his knowledge, information and belief.

Brent G. Sonnier

Subscribed and sworn to before me this _____ Day of January, 2009.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

PUCKETT LAND COMPANY
5460 S. QUEBEC ST. STE 250
GREENWOOD VLG, CO
80011-1917

PICEANCE OPERATION CO
LLC
5201 TRUXTON AVE
BAKERSFIELD, CA
93309-0640

SHELL FRONTIER OIL & GAS
INC.
C/O SHEEL OIL COMPANY
PO BOX 4854
HOUSTON, TX
77010

PGR PARTNERS, LLC
370 17TH ST., STE 4300
DENVER, CO
80202

CHEVRON USA INC
C/O CHEVRON TEXACO
PROPERTY TAX
PO BOX 285
HOUSTON, TX 77001

GARFIELD COUNTY ROAD
AND BRIDGE
PO BOX 426
RIFLE, CO
81650

#15 ENTERPRISES LLC
1218 WEBSTER STREET
HOUSTON, TX
77002

DONNA J. KOEHLER
PO BOX 300
DEBEQUE, CO
81630

OIL SHALE CORPORATION
7711 S. ROSEMARY WAY
CENTENNIAL, CO
80112

TETON PICEANCE LLC
410 17TH ST. STE 1850
DENVER, CO
80202

JOAN L. SAVAGE
5953 COUNTY ROAD 320
RIFLE, CO
81650

MR. RODERICK B. POTTER
14337 NORTH COPPERSTONE
DR.
ORO VALLEY, AZ
85755-9318

MR. NED PRATHER
3445 COUNTY ROAD 204
DEBEQUE, CO
81630

PATRICIA P. COYNE
800 COLLEGE PARKWAY
LEWISVILLE, TX
75077

MR. WILLIAM PRATHER
2376 COUNTY ROAD 204
DEBEQUE, CO
81630

BUREAU OF LAND
MANAGEMENT
50629 HIGHWAY 6 & 24
GLENWOOD SPRGS, CO
81601

MR. RICHARD PRATHER
2098 45 ½ ROAD
DEBEQUE, CO
81630

PETROLEUM DEVELOPMENT
CORP.
PO BOX 26
BRIDGEPORT, WV
26330

SAVAGE LIMITED
PARTNERSHIP I
5953 COUNTY ROAD 320
RIFLE, CO
81650

GEORGE M. ANDERSON
REVOCABLE TRUST
PO BOX 37
DEBEQUE, CO
81630

FEDERAL OIL SHALE LLC
3520 SOUTH GLENDOE ST.
DENVER, CO
80237

STROOCK, DANIEL W.
55 FROST ST
CAMBRIDGE, MA 02140-2247

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Denver, CO 80203

OXY USA INC.
ATTN: TAX DEPT
PO BOX 27270
HOUSTON, TX
77227-7570

Judith H. Jordan
Garfield County
0735 County Road 352, Bldg
2060
Rifle, CO 81650

LYLE PRATHER
4556 W ROAD
DEBEQUE, CO
81630

Bret G. Sonnier
Senior Regulatory Advisor
OXY USA WPT, LP
5 Greenway Plaza, Suite 110
Houston, TX 77227-0521

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

IN THE MATTER OF THE APPLICATION OF OXY)	
USA WTP LP FOR AN ORDER ESTABLISHING)	
WELL DENSITY, LOCATION AND SETBACK)	CAUSE NO.
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CERTAIN DESCRIBED LANDS IN THE GRAND)	DOCKET NO.
VALLEY FIELD AREA, GARFIELD COUNTY,)	
COLORADO)	

AFFIDAVIT OF MAILING

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

Scott M. Campbell, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for OXY USA WTP LP, that on February ____, 2009, he caused a copy of the attached Application in the subject docket to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Scott M. Campbell

Subscribed and sworn to before me on February ____, 2009.

Witness my hand and official seal.

My commission expires: _____

Notary Public