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

| IN THE MATTER OF THE APPLICATION OF | ) |               |  |
|-------------------------------------|---|---------------|--|
| WHITING OIL AND GAS CORPORATION     | ) |               |  |
| FOR AN ORDER ESTABLISHING WELL      | ) | CAUSE NO. 528 |  |
| LOCATION AND SETBACK RULES FOR THE  | ) |               |  |
| ILES AND SEGO FORMATIONS OF THE     | ) | DOCKET NO     |  |
| MESA VERDE GROUP FOR LANDS IN       | ) |               |  |
| RIO BLANCO COUNTY, COLORADO         | ) |               |  |

### **APPLICATION**

Whiting Oil and Gas Corporation ("Applicant") by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully request the Colorado Oil & Gas Conservation Commission ("Commission") enter an order establishing well location and setback rules applicable to wells drilled to and producing from the Iles and Sego formations of the Mesa Verde Group in the following lands ("Application Lands"):

Township 3 South, Range 97 West, 6<sup>th</sup> P.M. Section 3: All Rio Blanco County, Colorado

In support of this Application, Applicant states as follows:

- 1. Applicant is a corporation authorized to conduct business in Colorado.
- 2. An affiliated company of Applicant owns leasehold interests in all of the Application Lands.
- 3. By Order No. 528-1, dated October 23, 2006, the Commission authorized well spacing of one well per 10 acres, for the production of gas and associated hydrocarbons from the Williams Fork, Iles and Sego Formations, with the permitted well to be located no closer than 100 feet from the lease line for Williams Fork Formation wells unless such boundary abuts or corners lands where the Commission has not granted the right to drill 10-acre density wells, in which event the Williams Fork formation wells drilled on the Application Lands shall be drilled downhole no closer than 200 feet from the portion of the boundary which abuts or corners lands where 10-acre density has not been authorized by the Commission.
- 4. Order 528-1 also required also required lles and Sego formation wells to be drilled downhole not less than and 400 feet from the lease line, and further ordered that lles formation and Sego formation wells be drilled <u>only</u> in conjunction with the drilling of Williams Fork formation wells, and that wells drilled under this Order be drilled from no more than one pad on each quarter-quarter section, unless exception is granted by the Commission pursuant to an application made requesting such exception.
- 5. To promote efficient drainage of the Iles and Sego formations, Applicant requests the Commission amend Order 528-1 to eliminate the requirement that Iles and Sego wells must be drilled in conjunction with Williams Fork wells and also to allow Iles and Sego wells be drilled downhole no closer than 100 feet from the outside boundary of the Application Lands, unless such

boundary abuts or corners lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density lles and Sego wells, and such abutting or cornering lands are not in a federal unit that allows drilling of 10-acre density lles and Sego wells. Where the Application Lands abut or corner lands for which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density lles and Sego wells, and such abutting or cornering lands are not in a federal unit that allows drilling of 10-acre density lles and Sego wells, lles and Sego wells shall be located downhole no closer than 200 feet from that portion of the boundary which abuts or corners lands for which 10 acre density has not been ordered by the Commission for the lles and Sego formations. This would make the setback requirements for the lles and Sego formations the same as those for the Williams Fork formation.

- 6. Applicant requests the Commission allow wells drilled on the Application Lands to be drilled either vertically or directionally from no more than one pad located on a given quarter quarter section unless exception is granted by the Commission pursuant to an application made requesting such exception.
- 7. Applicant requests the Commission authorize the Director of the Commission, without additional notice and hearing, grant exceptions to well locations for good cause shown (including but not limited to surface owner requests) provided a waiver is obtained from the lease owner toward whom the well location is proposed to be moved. If a waiver cannot be obtained, then Applicant requests that the well operator be authorized to apply to the Director of the Commission for a variance.
- 8. Applicant believes its proposed well location and setback rules (1) will allow more efficient drainage of the lles and Sego formations, (2) will not promote waste, (3) will not violate correlative rights and (4) will assure the greatest ultimate recovery of gas and associated substances from the reservoir.
- 9. Names and addresses of the interested parties according to the information and belief of Applicant are set forth in Exhibit A attached hereto and made a part hereof.

Applicant respectfully requests this matter be set for hearing at the November 30 – December 1, 2009 hearing, that notice be given as required by law and that upon such hearing the Commission enter its order consistent with Applicant's proposals as set forth above.

Respectfully submitted on October 13, 2009.

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By:\_\_\_\_\_ Stephen J. Sullivan 821 17<sup>th</sup> Street, Suite 500

Denver, CO 80202 Telephone: 303-830-2500 Facsimile: 303-832-2366

ssullivan@wsmtlaw.com

Applicant's Contact Information: Whiting Oil and Gas Corporation 1700 Broadway, Suite 2300 Denver, Colorado 80290-2300

Attn: Mr. Scott McDaniel Telephone: 303-390-4261

E-Mail: Scott.McDaniel@whiting.com

| <u>VERIFICATION</u>   |
|---|
| TATE OF COLORADO ) ) ss.  |
| ITY & COUNTY OF DENVER )  |
| Scott McDaniel, of lawful age, being first duly sworn upon oath, deposes and says that he is enior Land Manager for the Central Rockies Unit of Whiting Oil and Gas Corporation, that he has ead the foregoing Application and that the matters therein contained are true to the best of his nowledge, information and belief. |
| Whiting Oil and Gas Corporation   |
| By:<br>Scott McDaniel   |
| ubscribed and sworn to before me this day of October, 2009.   |
| Vitness my hand and official seal.  |
| Notary Public   |
| ly commission expires:  |

#### **EXHIBIT A**

## WORKING INTEREST OWNERS, UNLEASED MINERAL INTEREST OWNERS AND OTHER INTERESTED PARTIES

Llewellyn Oil Shale Co. c/o Price Waterhouse Attn: William Fong 222 Lakeview Avenue West Palm Beach, FL 33401

James W. Tilney 21 Gibralter Lane Avon, CT 06001

Kane M. Tilney, Trustee c/o Peter Whitman 292 Bridge Street South Hamilton, MA 01982

Sheldon Tilney 224 Willow Grove Avenue Philadelphia, PA 19118

Schuyler M. Tilney 2910 Del Monte Drive Houston, TX 77019

Cornelia K. Tilney 2047 Green Street San Francisco, CA 94123

Augusta M. Tilney 25 81<sup>st</sup> Street New York, NY 10024

Winifred T. Whitman 5 Wannacomet Rd. Nantucket, MA 02554

Victoria T. Page 8 Woodruff Road Farmington, CT 06032

Shell Oil Company PO Box 576 Houston, TX 77001 EnCana Oil & Gas (USA) Inc. Attn: Bob Weaver 370 – 17<sup>th</sup> Street, Suite 1700 Denver, CO 80202

ExxonMobil Corporation Attn: Paul Keffer PO Box 4538 Houston, TX 77252

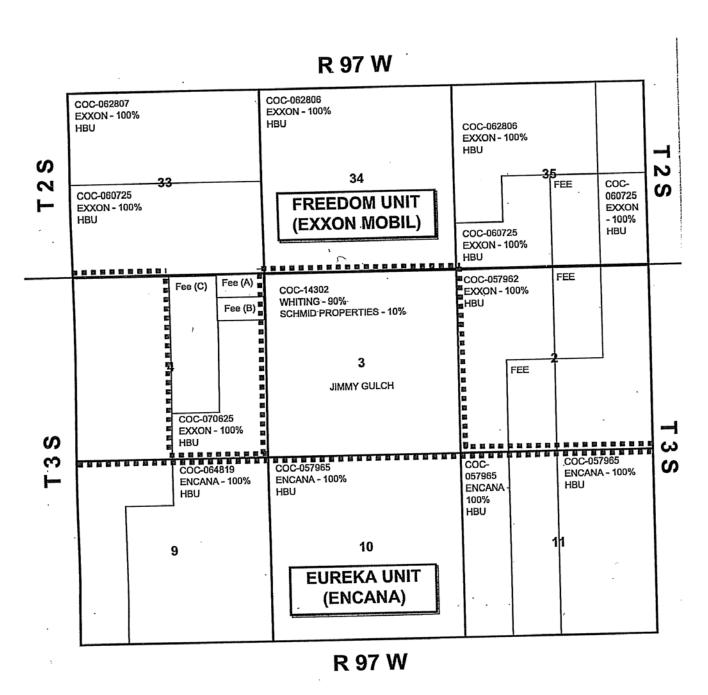
Whiting Oil & Gas Corporation 1700 Broadway, Suite 2300 Denver, CO 80290

Schmid Properties, Inc. PO Box 389 Houston, TX 76457

Rio Blanco County Attn: Jeff Madison Local Government Designee P.O. Box 599 Meeker, Colorado 81641

Bureau of Land Management Attn: Wayne Bankert 2815 "H" Road Grand Junction, Colorado 81506

# EXHIBIT B REFERENCE MAP



Except for Commission Order No. 528-1, which covers all of Section 3, T3S-R97W, there are no commission spacing orders covering sections within, adjacent to or cornering the Application Lands. Two federal exploratory units, the Freedom Unit and the Eureka Unit, completely surround the Application Lands.