

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

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR) CAUSE NO. _____
AN ORDER POOLING ALL NONCONSENTING)
INTERESTS IN THE CODELL AND NIOBRARA) Docket No. _____
FORMATIONS IN THE WELLBORE SPACING)
UNIT LOCATED IN THE WATTENBERG)
FIELD, WELD COUNTY, COLORADO)
)

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (referred to herein as “Applicant”), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado (“COGCC”), for an order to pool all non-consenting interests for the drilling of wells in the below described 160-acre wellbore spacing unit in the Codell and Niobrara Formations in Sections 2 and 11, Township 2 North, Range 68 West, 6th P.M. Weld County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited partnership formed under the laws of the State of Delaware, is a subsidiary of Anadarko Petroleum Corporation, and is duly authorized to conduct business in the State of Colorado.
2. Applicant owns certain leasehold interests in the unit requested for pooling.
3. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formation from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to, among other things, allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The Application Lands are subject to this Rule, specifically Rule 318A.a.(4)(C) and 318A.e.(2), for the Codell and Niobrara Formations.
4. In December 2008, Applicant designated a 160-acre wellbore spacing unit for the below described spacing unit for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations and notified the appropriate parties under Rule 318A.e.(6). Applicant did not receive any objections to such 160-acre wellbore spacing unit designation and certified the same to the Commission in December 2008.
5. Applicant, pursuant to the Commission’s Rule 530 and pursuant to the provisions of C.R.S. § 34-60-116 (6) and (7), seeks an order to pool all leasehold working interests in the following described 160-acre wellbore spacing unit, for the development and operation of the Codell and Niobrara Formations.

Township 2 North, Range 68 West, 6th P.M.

Section 2: S½SE¼
Section 11: N½NE¼

Hereinafter referred to as the “Application Lands”.

6. Applicant requests that the COGCC force pooling order issued with respect to this Application be retroactive to the date of spudding of the well set forth in Section 7 of this Application.
7. Applicant proposes to drill the Varra 37-2 well within the designated wellbore spacing unit described above. A plat is attached showing the permitted location. Applicant owns a fifty percent (50%) working interest in the Varra 37-2 Well.

8. The leasehold working interest owners listed on Exhibit A hereto own separate leased mineral interests in the Application Lands encompassed within the described 160-acre wellbore spacing unit, and such owners have been offered the option to participate in the drilling of the referenced well in the unit, but to date such owners have not elected to participate by bearing their proportionate shares of the costs and risks of drilling and operating the well. An AFE containing the information respecting this well required by COGCC Rule 530.a. was sent to these owners more than thirty (30) days prior to the date of the hearing on this Application. A copy of such AFE and letter is attached hereto as Exhibit B.

9. With respect to the owners who have not elected to participate, in order to prevent waste, protect correlative rights and in the best interests of conservation, all interests owned by the nonconsenting owners listed on Exhibit A should be pooled in the Codell and Niobrara Formations in accordance with C.R.S. §34-60-116 and Rule 530 of the COGCC.

10. Notice of this Application has been provided to those parties entitled to the same pursuant to Commission Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. That all of the leasehold working interest owners listed on Exhibit A with whom Applicant has been unable to secure an agreement for the drilling of the proposed well as described in paragraph 8 be pooled involuntarily, and that such owners be treated as non-consenting owners under C.R.S. §34-60-116 and made subject to the terms and penalties provided for therein.

B. That the COGCC force pooling order issued will be retroactive to the date of spudding of the Varra 37-2 Well.

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

DATED this ___ day of January, 2010.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____
William Keefe
Jamie L. Jost
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicant's Address:
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Michael A. Nixon, of lawful age, being first duly sworn upon oath, deposes and says that he is Agent and Attorney-in-Fact for Kerr-McGee Oil & Gas Onshore LP and that he has read the foregoing Application and that the matters therein contained are true to the best of my knowledge, information and belief.

Michael A. Nixon, Agent and Attorney-in-Fact
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this ____ day of January, 2010.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

142574

EXHIBIT A
Interested Parties

American Furniture Warehouse
8820 American Way
Englewood, CO 80112

Home Depot USA Inc.
3800 West Chapman Avenue
Orange, CA 92868

Sun Secured Financing LLC
27777 Franklin Road
The American Center, Suite 200
Southfield, MI 48034

Sun Communities Operating LP
27777 Franklin Road
The American Center, Suite 200
Southfield, MI 48034

THF/Firestone Development
2127 Innerbelt Business Center Drive, Suite 200
St. Louis, MO 63114

Town of Firestone
151 Grant Avenue
Firestone, CO 80520

EXHIBIT B
Working Interest Owner Letter and AFE

See attached document.

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AFFIDAVIT OF MAILING

STATE OF COLORADO)
CITY AND COUNTY OF DENVER)

ss.

Jamie Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Kerr-McGee Oil & Gas Onshore LP. That on or before February 1, 2010, she 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.

By: _____
Jamie Jost

Subscribed and sworn to before me this 25th day of January, 2010.

Witness my hand and official seal.

My commission expires:

Notary Public