

**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 )  
PRODUCTION OF OIL AND GAS )  
FROM THE CODELL AND NIOBRARA )  
FORMATIONS UNDERLYING CERTAIN )  
LANDS IN WELD COUNTY, COLORADO )

CAUSE NO. 407

DOCKET NO. \_\_\_\_\_

**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 "Commission") as follows:

**BACKGROUND**

**Existing Leasehold Interest and Wells.**

1. Orr owns oil and gas leases covering substantially all of the oil and gas under the SW1/4SE1/4 of Section 25, Township 6 North, Range 67 West, 6th P.M., Weld County, Colorado ("Section 25" hereinafter).
2. The records of the Commission indicate that no wells have been drilled to the Codell or Niobrara formations in the S1/2SE1/4 of Section 25.
3. Brooks Exploration Inc. drilled the Turner #1-25 well in the SE1/4SE1/4 of Section 25 to the Sussex formation. The Turner #1-25 was plugged and abandoned in 1986.
4. Tigges Oil LLC drilled the Long #1 well in the SW1/4SE1/4 of Section 25 to the Sussex formation. The Long #1 was been shut-in since approximately August of 2007.
5. Orr has obtained a permit from the Commission to drill the Hall #25-34 well, in the SW1/4SE1/4 of Section 25, for commingled production from the Codell and Niobrara formations.

**Existing Commission Orders.**

6. On December 19, 1983, the Commission entered Order No. 407-1 which, among other things established 80-acre drilling and spacing units for production of oil, gas and associated hydrocarbons from the Codell formation, with units consisting of the E1/2 and W1/2 or the N1/2 and S1/2 of each governmental quarter section. Subsequent Order No 407-10 included the Niobrara formation and allowed downhole commingling of production from the Codell and Niobrara formations. The SE1/4 of Section 25, lies within the area spaced by these orders.
7. By Order No. 407-51, entered by the Commission on February 26, 1990, as of February 20, 1990, the adjacent N1/2SE1/4 of Section 25 was down-spaced, by creation of two

40-acre drilling and spacing units consisting of the NW1/4SE1/4 and the NE1/4SE1/4 for production from the Codell and Niobrara formations.

8. 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 in Section 25, to the Codell and Niobrara formations, and the commingling of production from such formations.

9. 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 and Niobrara formations underlying the S1/2SE1/4 of Section 25.

### **SPACING REQUEST**

10. 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.

11. Orr requests that the Commission enter an Order reducing the size of drilling and spacing units for the Codell and Niobrara formations in the S1/2SE1/4 of Section 25 by establishing 40-acre drilling and spacing units comprised of the SW1/4SE1/4 and SE1/4SE1/4 of Section 25.

12. As testimony before the Commission has previously established, and as Rule 318A and Order 407-51 necessarily find, 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 and Niobrara formations underlying the SE1/4 of Section 25.

13. 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.

14. The establishment of such units will protect the correlative rights of both leasehold and mineral owners.

15. The names and addresses of all who may claim to be interested parties, based upon Applicant's information and belief, are set forth on the annexed **Exhibit "A."**

## **REQUEST FOR HEARING AND ORDER**

WHEREFORE, Orr Energy, LLC prays that:

- A. This matter be set for hearing on June 1 or 2, 2010, and notice of said hearing be given as required by law;
- B. That if no protests are timely received, the matter be considered pursuant to Rule 511(b); and
- C. The Commission enter an Order reducing the size of drilling and spacing units for the Codell and Niobrara formations in the S1/2SE1/4 of Section 25, by establishing segregated 40-acre drilling and spacing units comprised of the SE1/4SE1/4 and SW1/4SE1/4 of Section 25.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of April, 2010.

**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@lohfsheiman.com](mailto:mmorgan@lohfsheiman.com)

**Address of Applicant:**

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

**VERIFICATION**

STATE OF COLORADO   )  
  )  
COUNTY OF WELD       )       **ss.**

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

1.       She is a Certified Professional Landman who maintains her office at 8203 West 20<sup>th</sup> Street, Suite B, Greeley, Colorado 80634.
2.       She is a consultant for the Applicant, Orr Energy, LLC.
3.       She 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 her knowledge and belief.

Further Affiant sayeth not.

\_\_\_\_\_  
Cynthia A. E. Zeren, CPL

Subscribed and sworn to before me this 12th day of April, 2010.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

## **EXHIBIT "A"**

### **Persons Who May be Interested Parties**

S1/2SE1/4 of Section 25, Township 6 North, Range 67 West, 6<sup>th</sup> P.M.

#### **SW1/4SE1/4**

##### **Persons Who May Claim Mineral Ownership:**

Livingston Leigh Livestock of Weld County, LLC  
4124 Spring Canyon Court  
Fort Collins, CO 80525

Lot Holding Investments LLC  
301 Centennial Drive  
Milliken, CO 80543

##### **Leasehold Owners:**

Orr Energy, LLC  
1813 61<sup>st</sup> Avenue, Suite 200  
Greeley, CO 80634

#### **SE1/4SE1/4**

##### **Persons Who May Claim Mineral Ownership:**

Sally A. Parsons  
4020 14<sup>th</sup> Street  
Greeley, CO 80634

Livingston Leigh Livestock of Weld County, LLC  
4124 Spring Canyon Court  
Fort Collins, CO 80525

##### **Leasehold Owners:**

Petro-Canada Resources (USA), Inc.  
Suncor Energy (Natural Gas) America, Inc.  
999 18<sup>th</sup> Street, Suite 600  
Denver, CO 80202

Nobel Energy, Inc.  
1625 Broadway, Suite 2200  
Denver, CO 80202

## **CERTIFICATE OF MAILING**

I hereby certify that on the 12<sup>th</sup> day of April, 2010, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

Livingston Leigh Livestock of Weld County, LLC  
4124 Spring Canyon Court  
Fort Collins, CO 80525

Lot Holding Investments LLC  
301 Centennial Drive  
Milliken, CO 80543

Orr Energy, LLC  
1813 61<sup>st</sup> Avenue, Suite 200  
Greeley, CO 80634

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Tonja L. Hoisington, Paralegal