

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. 407
AN ORDER POOLING ALL UNLEASED)
AND/OR NONCONSENTING INTERESTS IN) Docket No. _____
THE CODELL AND NIOBRARA FORMATIONS)
IN A DESIGNATED 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 Colorado Oil and Gas Conservation Commission (“Commission”), for an order to pool all interests within a designated wellbore spacing unit for the drilling of a well to produce from the Codell and Niobrara Formations located in Section 25, Township 5 North, Range 66 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 wholly owned 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 wellbore spacing 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 allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The lands encompassing the wellbore spacing unit are subject to this Rule, specifically Rule 318A.a.(4)(C) and 318A.e.(2), for the Codell and Niobrara Formations.
4. Applicant previously designated a 160-acre wellbore spacing unit as described below for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations pursuant to Rule 318A.e.(2) and notified the appropriate parties under Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed wellbore spacing unit within the 20-day response period, and, as such thereafter certified to the Commission that it had not received any objections to the well location, proposed spacing unit or proposed formations. Kerr-McGee holds an approved Application for Permit to Drill for the well within the wellbore spacing unit.
5. Applicant, pursuant to Commission Rule 530 and pursuant to the provisions of C.R.S. §34-60-116 (6) and (7), seeks an order to involuntarily pool all interests not voluntarily pooled (including working interests and unleased mineral interests) in the Codell and Niobrara Formations underlying the following described 160-acre wellbore spacing unit:

Township 5 North, Range 66 West, 6th P.M.
Section 25: SW¹/₄SE¹/₄, SE¹/₄SW¹/₄
Section 36: NW¹/₄NE¹/₄, NE¹/₄NW¹/₄

(referred to herein as the “Wellbore Spacing Unit”)

6. Applicant proposes to directionally drill the Curtis 36-25 Well (hereinafter the “Wellbore Spacing Unit Well”) within the designated Wellbore Spacing Unit with a proposed surface location of 696’ FSL and 2130’ FEL of Section 25 and a proposed bottomhole location 60’ FSL and 2620’ FEL of Section 25.

7. Exhibit A attached hereto lists leasehold and royalty owners for the Wellbore Spacing Unit together with their addresses. All working interest owners (not otherwise voluntarily pooled) have been offered the opportunity to voluntarily participate in the drilling of the Wellbore Spacing Unit Well. As applicable, to date, however, not all of such working interest owners have elected to participate by agreeing to bear their respective proportionate shares of the costs and risks of drilling, completing and operating the well. AFE's containing the information respecting this well required by Commission Rule 530.b. were sent to these working interest owners more than thirty (30) days prior to the date of the hearing on this application. Exhibit A also lists all unleased mineral owners, if any, within the Wellbore Spacing Unit. As applicable, all unleased mineral owners (not otherwise voluntarily pooled) have been offered the opportunity to participate in the drilling of the Wellbore Spacing Unit Well. To date, however, not all of such owners have elected to participate by agreeing to bear their proportionate shares of the costs and risks of drilling, completing and operating the well. In addition and as applicable, Applicant has made offers to lease each of these unleased mineral owners (not otherwise voluntarily pooled) as required by Commission Rule 530.c. and C.R.S. §34-60-116(7)(d). To date, however, not all of such unleased mineral owners have accepted such offers. Such offers to participate in drilling or to lease were sent to these unleased mineral interest owners more than thirty (30) days prior to the date of the hearing on this Application.

8. Applicant requests that the Commission's involuntary pooling order issued with respect to this Application be made retroactive to the date of the spudding of the Wellbore Spacing Unit Well.

9. Notice of this Application has been provided to those parties listed on Exhibit A attached hereto.

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. Pooling involuntarily all of the working interest owners listed on Exhibit A with whom Applicant has been unable to secure an agreement for the drilling of the Wellbore Spacing Unit Well as described in Section 5 and that such working interest 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. Pooling involuntarily all of the unleased mineral interest owners listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Wellbore Spacing Unit Well as described in Section 5 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.

C. That all interest owners in the Wellbore Spacing Unit which are not voluntarily pooled in the Wellbore Spacing Unit be involuntarily pooled.

D. That the effective date of the COGCC's involuntary pooling order will be made retroactive to the date of spudding of the Wellbore Spacing Unit Well.

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

DATED this 12th day of April, 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)

Matthew T. Miller, Land Manager, Wattenberg Basin, 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.

Land Manager, Wattenberg Basin,
Agent and Attorney-in-Fact
Kerr-McGee Oil & Gas Onshore LP

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Working Interest Owner

K.P. Exploration
1099 18th Street, Floor 6, Room 500 MR
Denver, CO 80202

John M. Ouzts
3570 E Entrada Del Sol
Tucson, AZ 85718

Gertrude Weber
249 Malvern Farm Drive
Charlottesville, VA 22903

PCEC 1984-A, Ltd.
1 Northfield Plaza, Suite 500
Northfield, IL 60093

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

Petrocarbons, Ltd.
10212 Blair Lane
Kirtland, OH 44094

Larry D. Krause
3009 Marguerite Blvd.
Billings, MT 59102

Unleased Mineral Interest Owner

Benjamin F. Lujan
2647 49th Street
Evans, CO 80620

Robert and Erica Lujan, JT
3519 Centennial Circle
Evans, CO 80620

Bernardo Lujan
4625 West 49th Street
Greeley, CO 80634

Larry Lee Lujan
2629 West 49th Street
Greeley, CO 80634

Cindy Rodriguez, a/k/a Cindy Rodriguez
2685 49th Street
Evans, CO 80621

Nora Lujan
2647 49th Street
Evans, CO 80620

Estate of Maggie Lujan
2932 West 12th Street
Greeley, CO 80634

Rudy A. Lujan
2932 West 12th Street
Greeley, CO 80634

Tommy Lujan
60 Moree Loop, #45
Winter Springs, FL 32708

Royalty Owner

Betty E. Ishiguro
225 Dundee Avenue, #19
Greeley, CO 80634

Ralph H. Green
792 South Bermont Ave.
Lafayette, CO 80026

FEI-Wass Joint Venture
1707 61st Avenue, Suite 101
Greeley, CO 80634

Weld County, CO
915 10th Street
Greeley, CO 80631

Nancy T. Green
792 South Bermont Ave.
Lafayette, CO 80026

Victoria Lujan
1757 Laurus
Johnstown, CO 80534

Carmen Mata, life tenant
P.O. Box 200527
Evans, CO 80620

Mary Anne Torrez
538 Kim Drive
Fort Collins, CO 80525

David and Barbara Rosenof, JT
14627 West Arzon Way
Sun City West, AZ 85375

Fujio Ishiguro Family Trust date 5/27/2003
225 Dundee Avenue, #19
Greeley, CO 80634

Larry and Jan Curtis, JT
2837 W 49 Street
Evans, CO 80620

Joseph and Juanita Moya, JT
2675 49th Street
Evans, CO 80620

Sergio Hernandez
2717 49 Street
Evans, CO 80620

Anders I LLC
1140 Minuteman Street
Billings, MT 59105

Esther L. Maestas, life tenant
P.O. Box 402
Evans, CO 80620

Four Quarter Land Co., Inc.
P.O. Box 1447
Greeley, CO 80632-1447

Paula Kay Torrez
538 Kim Drive
Fort Collins, CO 80525

Gerald Allen Rosenof
P.O. Box 655
La Porte, CO 80535-0655

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WELD COUNTY, COLORADO

AFFIDAVIT OF MAILING

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

Jamie L. 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 April 19, 2010, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Jamie L. Jost

Subscribed and sworn to before me April 12, 2010.

Witness my hand and official seal.

My commission expires: _____.

Notary Public