

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

IN THE MATTER OF THE APPLICATION)
OF GREAT WESTERN OIL AND GAS)
COMPANY LLC FOR AN ORDER)
ESTABLISHING A SPACING UNIT AND)
POOLING CERTAIN INTERESTS 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. _____

APPLICATION

The Applicant, Great Western Oil and Gas Company, LLC ("Great Western"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing an 80-acre spacing unit for production from the Codell and Niobrara formations, and pooling all interests therein as follows:

BACKGROUND

1. Great Western is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Great Western owns an oil and gas leasehold interest in the E1/2SW1/4 Section 31 Township 7 North, Range 63 West, 6th P.M., Weld County, Colorado ("Section 31" hereinafter).
3. According to the records of the Commission, no wells have been drilled in the SW1/4 of Section 31.
4. Great Western has obtained permits for and desires to drill the Heinze 31-23 well in the NE1/4SW1/4 and the Heinze 31-24 well in the SE1/4SW1/4 of Section 31 to the Codell and/or Niobrara formations.

SPACING REQUEST

5. On information and belief, the Commission has not entered an order establishing drilling and spacing units for production of oil and gas from the Codell and Niobrara formations underlying, the SW1/4 of Section 31.
6. According to the records of the Commission, in its applications to drill the above referenced wells, Great Western has declared the E1/2SW1/4 as a drilling unit for Codell and Niobrara production.

7. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to establish drilling and spacing units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

8. Commission Rule 318A (Greater Wattenberg Area Special Well Location Rule), provides that a well may be drilled and production commingled from formations, including the Codell and Niobrara formations, when the bottom-hole location of such well is within a square with sides of 400 feet, in the center of each quarter section of the SW1/4 of Section 31.

9. Previous testimony before the Commission has therefore established that an 80-acre drilling and spacing unit is not less than the maximum area than can be efficiently, economically and effectively drained by wells producing oil, gas and associated hydrocarbons from the Codell and Niobrara formations underlying said SW1/4 of Section 31.

10. Great Western requests that the Commission establish an 80-acre drilling and spacing unit consisting of the E1/2SW1/4 of Section 31, for the Codell and Niobrara formations.

11. The establishment of such a unit will prevent or assist in preventing waste by assuring that wells in the E1/2SW1/4 may be completed and produced 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.

12. The establishment of such a unit will protect the correlative rights of both leasehold owners and mineral owners in the E1/2SW1/4 of Section 31.

INVOLUNTARY POOLING REQUEST

13. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit, for the development and operation of a well.

14. Great Western has sent a proposed lease to, and attempted to negotiate an oil and gas lease with the Missouri Improvement Company covering its unleased oil and gas rights in the E1/2SW1/4. The terms of the lease offered are reasonable and no less favorable than those prevailing in the area at this time

15. Great Western has also sent a proposed lease and an AFE to the Missouri Improvement Company, giving it the opportunity to participate in the drilling of the proposed wells.

16. The Missouri Improvement Company has failed to agree to lease its interests in the E1/2SW1/4, or to bear its share of the costs of drilling and completing the proposed wells.

17. An Order of the Commission pooling all interests in the E1/2SW1/4 is necessary in order to afford each owner of an interest therein the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying the E1/2SW1/4 of Section 31.

18. The granting of such an Order would not be prejudicial to the owners in the SW1/4 of Section 31 and would protect correlative rights.

19. The granting of such an Order would prevent or assist in preventing waste and will insure that the pool as a whole may be efficiently and economically developed.

REQUEST FOR HEARING AND ORDER

WHEREFORE, Great Western prays that this matter be set for hearing on October 21 or 22, 2010, that Notice of said Hearing be given as required by law, if no protests are timely received the matter be considered pursuant to Rule 511(b), and the Commission enter an Order:

A. Establishing an 80-acre drilling and spacing unit consisting of the E1/2SW1/4 of Section 31 for production of oil and gas from the Codell and Niobrara formations.

B. Pooling all non-consenting interests in the E1/2SW1/4 of Section 31 with respect to production of the Codell and Niobrara formations, and that such pooling order:

(1) be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the E1/2SW1/4 the opportunity to recover or receive, without unnecessary expense, his just and equitable share of oil and gas;

(2) provide that production obtained from the E1/2SW1/4 be allocated to each owner therein on the basis of the proportion that the number of mineral acres held by each owner in such drilling unit bears to the total number of mineral acres within the drilling unit;

(3) provide that Great Western be allowed to recover from any non-consenting owner's share of production the penalty costs as provided in Colorado Revised Statute Section 34-60-116 (7); and

(4) require Great Western to provide each leasehold interest owner in said E1/2SW1/4 with monthly statement of costs incurred together with the quantity of oil and gas produced and proceeds realized, pursuant to C.R.S. §34-60-116(8).

RESPECTFULLY SUBMITTED this 1stth day of September, 2010.

**LOHF SHAIMAN JACOBS HYMAN
& FEIGER, P.C.**

By: _____
J. Michael Morgan

Great Western=s Address:
1700 Broadway, Suite 1170
Denver, CO 80290

EXHIBIT "A"
TO
APPLICATION OF GREAT WESTERN OIL AND GAS COMPANY LLC

**Interested Parties in the E1/2SW1/4 of Section 31,
Township 7 North, Range 63 West**

<u>Applicant:</u>	Great Western Oil and Gas Company, LLC 1700 Broadway, Suite 1170 Denver, CO 80290
<u>Applicant's Attorney:</u>	J. Michael Morgan, Esq. Lohf Shaiman Jacobs Hyman & Feiger PC 950 South Cherry Street, Suite 900 Denver, CO 80246
<u>Local Government Designee:</u>	Bruce T. Barker, Esq. Weld County Commissioner Office P.O. Box 758 Greeley, CO 80634
<u>Leased Mineral Owners:</u>	Board of County Commissioners For Weld County P.O. Box 758 Greeley, CO 80634
<u>Unleased Mineral Owners:</u>	Missouri Improvement Company c/o Farmers National Company, Agent for UPRR 5110 S. Yale Ave., Suite 400 Tulsa, OK 74135
<u>Leasehold Owners:</u>	Canamex, LLC 1700 Broadway, Suite 1170 Denver, CO 80290

VERIFICATION

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

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

1. He is a Petroleum Landman employed as the Land Manager for Great Western Oil and Gas Company, LLC whose address is 1700 Broadway, Suite 1170, Denver, CO 80290.

2. He 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 his knowledge and belief.

Further Affiant sayeth not.

Royce H. Allen

Subscribed and sworn to before me this _____ day of August, 2010.

Witness my hand and official seal.

My commission expires: _____

Notary Public

CERTIFICATE OF MAILING

I hereby certify that on the 1st day of September, 2010, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

Great Western Oil and Gas Company, LLC
1700 Broadway, Suite 1170
Denver, CO 80290

Bruce T. Barker, Esq.
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Greeley, CO 80634

Board of County Commissioners
For Weld County
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Greeley, CO 80634

Missouri Improvement Company
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Tonja L. Hoisington, Paralegal