

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

<p>IN THE MATTER OF THE VERIFIED APPLICATION OF MARATHON OIL COMPANY FOR AN ORDER ESTABLISHING DRILLING AND SPACING UNITS AND WELL LOCATION AND SETBACK RULES FOR THE DRILLING OF WELLS IN THE NIOBRARA FORMATION, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 6 NORTH, RANGE 61 WEST, SECTION 27; TOWNSHIP 6 NORTH, RANGE 62 WEST, SECTION 4; TOWNSHIP 7 NORTH, RANGE 61 WEST, SECTIONS 10, 15, 18, 31; TOWNSHIP 7 NORTH, RANGE 62 WEST, SECTIONS 2, 13-14, 22-23, 25-27, 34-35, 6TH P.M., IN WELD COUNTY, COLORADO</p>	<p>CAUSE NO:</p> <p>ORDER NO:</p> <p>DOCKET NO:</p>
---	---

VERIFIED APPLICATION

COMES NOW the Applicant, Marathon Oil Company, by and through its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an Order establishing 640 acre drilling and spacing units and subsurface well location and setback rules applicable to the drilling and producing of gas and associated hydrocarbons from the Niobrara Formation underlying certain described lands in Weld County, Colorado. In support thereof, Applicant states as follows:

1. That Applicant is a company duly authorized to conduct business in the State of Colorado.

2. The Applicant desires to create approximate 640 acre drilling and spacing units and subsurface well location and setback rules for the drilling of one horizontal well to the Niobrara Formation in the following described lands located in Weld County, Colorado:

Township 6 North, Range 61 West, 6th P.M.
Section 27: ALL

Township 6 North, Range 62 West, 6th P.M.
Section 4: ALL

Township 7 North, Range 61 West, 6th P.M.
Section 10: ALL
Section 15: ALL
Section 18: ALL
Section 31: ALL

Township 7 North, Range 62 West, 6th P.M.

Section 2: ALL
Section 13: ALL
Section 14: ALL
Section 22: ALL
Section 23: ALL
Section 25: ALL
Section 26: ALL
Section 27: ALL
Section 34: ALL
Section 35: ALL

(the "Application Lands").

3. That Applicant owns leasehold interests in all or part of those lands. A reference map is attached as Exhibit "B".

4. The Application Lands are unspaced and subject to Commission Rule 318A, being the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which requires, among other things, that the surface location for wells drilled to formations above the base of the Dakota Formation be drilled within designated 400' and/or 800' surface location windows; and specific downhole setbacks for unspaced lands which requires the Applicant to:

[D]esignate a drilling and spacing unit not smaller than a governmental quarter-quarter section if such a well is proposed to be located greater than four hundred sixty (460) feet from the quarter-quarter section boundary in which it is located. If a well is proposed to be located less than four hundred sixty (460) feet from the governmental quarter-quarter section boundary, a wellbore spacing unit ("wellbore spacing unit") for such well shall be comprised of the four (4) governmental quarter-quarter sections nearest to the wellbore regardless of section or quarter section lines.

Rule 318A.a.(4)(C). Applicant intends to drill one horizontal well in each 640 acre drilling and spacing unit such that the wellbore will cross interior quarter-quarter section boundaries, but remain within the 460' exterior drilling and spacing unit boundary.

5. As to the Application Lands, geological studies, and geological and engineering information obtained in the drilling and producing of wells located in the general area, demonstrate that a horizontal well drilled to the Niobrara Formation may produce oil and associated hydrocarbons in economic volumes from the Niobrara Formation.

6. Applicant requests the Commission to create approximate 640 acre drilling and spacing units, for the drilling of one horizontal well to the Niobrara Formation in each such drilling and spacing unit, within the Application Lands, in order to prevent waste, protect correlative rights, and assure the greatest ultimate recovery of hydrocarbons.

7. Consistent with Commission Rule 318A, Applicant further requests that the treated interval of the wellbore be located no closer than four hundred sixty (460) feet from the exterior boundary of the drilling and spacing unit. Applicant seeks an exception from the interior boundary setback requirements of 318A.a.(4)(C), however, so that its horizontal wellbore may cross interior

quarter-quarter section boundaries. Applicant does not at this time seek an exception or modification to the surface location requirements of Rule 318A, although Applicant respectfully reserves the right to seek such an exception or other approval, at a future time, in accordance with the Colorado Oil and Gas Conservation Act, C.R.S. §§ 34-60-101 *et al.* and the Commission's rules.

8. Applicant alleges and believes that the granting of this Application will prevent waste, protect correlative rights, and assure the greatest ultimate recovery of hydrocarbons from the reservoir. Applicant further alleges and believes that the Niobrara Formation is a common source of supply underlying the Application Lands. Moreover, the proposed 640 acre drilling and spacing units are no smaller than the maximum area that can be economically and efficiently drained by one well in each drilling and spacing unit.

9. Pursuant to Rule 503(d) of this Commission, within seven (7) days of the filing of this Application, the Applicant shall submit a Certificate of Service to the Commission demonstrating that the Applicant served a copy of the Application on all persons entitled to Notice by mailing a copy thereof, first-class postage prepaid, to the last known mailing address of the interested parties. Applicant shall simultaneously submit said list of interested parties to the Commission via electronic media.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in September, 2011, that notice be given as required by law, and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

DATED: July __, 2011.

MARATHON OIL COMPANY

By: _____

Scott M. Campbell
Jeremy I. Ferrin
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone: (303) 861-4400
Facsimile: (303) 861-1225

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF _____)

Benjamin Gregory Ralston, of lawful age, being first duly sworn upon oath, deposes and says that he/she is Landman for Marathon Oil Company, and that he/she has read the foregoing Application and that the matters therein contained are true to the best of his/her knowledge, information and belief.

MARATHON OIL COMPANY

By: _____
Benjamin Gregory Ralston

Subscribed and sworn to before me this _____ day of July, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public