

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)
AN ORDER POOLING ALL WORKING,)
UNLEASED AND/OR NONCONSENTING)
INTERESTS IN THE J SAND FORMATION IN)
A DESIGNATED WELLBORE SPACING UNIT)
LOCATED IN THE WATTENBERG FIELD,)
WELD COUNTY, COLORADO)

Cause No. _____

Docket No. _____

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 160-acre wellbore spacing unit for the drilling of a well to produce oil, gas, and associated hydrocarbons from the J Sand Formations located in Section 10, Township 4 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 interests in the following lands:

Township 2 North, Range 68 West, 6th P.M.
Section 10: SW $\frac{1}{4}$ NW $\frac{1}{4}$

Weld County, Colorado ("Application Lands").

3. On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J-Sand for the Application Lands and allowed up to two (2) wells to be drilled within each 320-acre drilling and spacing unit.

4. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation underlying certain lands, including the Application Lands, with the drilling and spacing unit to be designated by the operator drilling the first well in the quarter section, (or the Director, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall

have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit.

5. 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 for the Codell, Niobrara, and J-Sand Formations.

6. Applicant designated a 160-acre wellbore spacing unit, as described below, for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations pursuant to Rule 318A and notified the appropriate parties under Rule 318A.e. Applicant did not receive any objections to the establishment of the proposed 160-acre wellbore spacing unit within the 20-day response period. Applicant hereby certifies to the Commission that it has not received any objections to the well location, proposed spacing unit or proposed formations. Applicant holds an approved Application for Permit to Drill for the Five 32-10 Well within the designated 160-acre wellbore spacing unit.

7. 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 statutorily pool all interests not voluntarily pooled (including working interests and unleased mineral interests) in the J Sand Formation underlying the following described 160-acre wellbore spacing unit:

Township 4 North, Range 66 West, 6th P.M.

Section 10: SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 9 : SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

(referred to herein as the "Wellbore Spacing Unit").

8. Applicant proposes to directionally drill the Five 32-10 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated 160-acre Wellbore Spacing Unit with a surface location in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, Township 4 North, Range 66 West, and a bottomhole location 2575' FNL, 75' FWL of Section 10, Township 4 North, Range 66 West. A Well Location Certificate for the Wellbore Spacing Unit Well is attached hereto.

9. Exhibit A attached hereto lists working interest owners, unleased mineral interest owners (if any), 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. An Authority for Expenditure ("AFE") containing the information respecting this well required by Commission Rule 530.b. was sent to each of 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.

10. Applicant requests that the Commission's statutory pooling order, and all costs associated with the Well and this statutory pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

11. 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. Statutorily pooling 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 for J-Sand formations and establishing that such working interest owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the all of the terms, costs, and penalties provided for therein.

B. Statutorily pooling all of the unleased mineral interest owners, if any, 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 for the J-Sand formations and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to all of the terms, costs, 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 statutory pooled.

D. Establishing that the Commission's statutory pooling order, and all costs associated with the Five 32-10 Well and this statutory pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Five 32-10 Well, for all requested formations, as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

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

DATED this ___ day of July, 2011.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Jamie L. Jost
Matthew Lepore
Michael J. Wozniak
BEATTY & WOZNIAK, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

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

VERIFICATION

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

Kelly Carrington, of lawful age, being first duly sworn upon oath, deposes and says that she is Senior Land Specialist for Kerr-McGee Oil & Gas Onshore LP and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Senior Land Specialist
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this ____ day of July 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Working Interest Owners

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

Wellstar Corporation
11990 Grant Street, Ste. 550
Denver, CO 80233

Frank Wilson, III
1187 Coast Village Road 1-496
Santa Barbara, CA 93108

H & C Colton Company
C/O Colton LLC
P.O. Box 3705
Littleton, CO 80161

Mary S. Liebmann **(NC)**
5413 N. New Braunfels Ave. # 7
San Antonio, TX 78209-5327

Nina Sue Storm
3 Bryanston Court
San Antonio, TX 78218

Richard Storm Estate
P.O. Box 591058
San Antonio, TX 78259-1058

Rymal, LLC **(NC)**
P.O. Box 6940
San Antonio, TX 78209

Colton LLC
621 17th Street, Suite 950
Denver, CO 80293

Denise Diana Huddle
900 N E Loop 410 #D406
San Antonio, TX 78209

Frances W. Huddle
900 N E Loop 410, #406
San Antonio, TX 78209

Jon Nelson
P.O. Box 885
Seguin, TX 78155

Charles A. Hulse **(NC)**
202 Prinz Drive
San Antonio, TX 78213

Daniels Petroleum Company
1499 Blake Street, Unit 7K
Denver, CO 80202

Gunsmoke Production Company
1720 Wazee Street, Unit 2E
Denver, CO 80202

KAB Acquisition LLLP-VII
410 17th Street, Suite 1151
Denver, CO 80202

Robert G. Horsman
90 Elm Lane
Shrewsbury, NJ 07702

Belinda J. Dollins **(NC)**
3205 40th Street
Snyder, TX 79549-5724

OPON DJ LLC
1720 Wazee Street, Suite 5E
Denver, CO 80202

OPON DJ LLC
1720 Wazee Street, Suite 5E
Denver, CO 80202

JK Brown, Inc.
C/O James K. Brown
730 17th Street, Suite 700
Denver, CO 80202

Jack A. McCartney
8955 W. 10th Ave.
Lakewood, CO 80215

John C. McCaleb
P.O. Box 795
Comfort, TX 78013

Joyce McCaleb **(NC)**
415 Hampton Court
Longview, TX 75605-4736

Q8, LLC
1873 S. Bellaire Street, #900
Denver, CO 80222

Onemore LLC
1424 Larimer St., Ste. 208
Denver, CO 80202

Royalty Owners

Anadarko E & P Company, LP
P.O. Box 1330
Houston, TX 77251

Colorado Land Services, LLC
1051-D West Highway 34
Loveland, CO 80537

Petroleum Exploration &
Management, LLC
20203 Hwy 60
Platteville, CO 80651

N&R Investments
4506 21st St. Drive
Greeley, CO 80634

Francis Royalties, LLC
36141 S. Ocotillo Canyon Dr.
Tucson, AZ 85739

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AFFIDAVIT OF MAILING

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

Elizabeth Y. Gallaway 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 July ____, 2011, 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.

Elizabeth Y. Gallaway

Subscribed and sworn to before me July ____ 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public