

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

IN THE MATTER OF THE APPLICATION OF AXIA)
ENERGY, LLC FOR AN ORDER POOLING ALL)
NON-CONSENTING INTERESTS IN WELLS IN)
SECTION 11, TOWNSHIP 9 SOUTH, RANGE 95)
WEST FOR PRODUCTION FROM THE WILLIAMS)
FORK AND ILES FORMATIONS UNDERLYING)
CERTAIN LANDS IN THE BUZZARD FIELD, MESA)
COUNTY, COLORADO)

Cause No. ____

Docket No. _____

APPLICATION

COMES NOW Axia Energy, LLC (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 non-consenting interests in Section 11, Township 9 South, Range 95 West for the drilling of wells (as described below) comprising an approximate 480-acre drilling and spacing unit (488.29 acres as approved by the Bureau of Land Management) in the Williams Fork and Iles Formations, Mesa County, Colorado:

Township 9 South, Range 95 West, 6th P.M.
Section 11: E/2 W/2, E/2

Mesa, Colorado (hereinafter referred to as “Application Lands”).

In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and is a registered operator in good-standing with the Commission.
2. Applicant holds certain leasehold interests in the Application Lands.
3. The Application Lands are within a drilling and spacing unit established by Commission Order No. 371-5, issued on November 22, 2010, for development of the Williams Fork and Iles Formations. Order No. 371-5, among other things, established a 480-acre drilling and spacing unit for the production of gas from the Williams Fork and Iles Formations for the Application Lands on a 10-acre drilling density basis and also provided that Williams Fork and Iles wells shall be located in the E1/2 W1/2 or the E1/2 no less than 100 feet from the unit boundary where immediately adjacent lands have been approved by the Commission for 10-acre density, and no closer than 200 feet from the unit boundary where adjacent lands have not been approved by the Commission for 10-acre density.. Order No. 371-5 also provided that wells shall be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter-quarter section unless exception is granted by the Director.
4. 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 in all wells (existing and undrilled) within the 480-acre drilling and spacing unit for the Williams Fork and Iles Formations underlying the Application Lands.

5. Applicant has drilled the Kimball Creek 11-416D-995 Well on the Application Lands with a surface hole location in the SE/4NE/4 of Section 14, Township 9 South, Range 95 West and a bottomhole location in the SE/4SE/4 of Section 11, Township 9 South, Range 95 West. Applicant holds an approved Application for Permit to Drill for the Kimball Creek 11-416D-995 Well. A Well Location Certificate is attached hereto.

6. Exhibit A attached hereto lists all interest owners for the 480-acre drilling and spacing unit on the Application Lands 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 Kimball Creek 11-416D-995 Well. As applicable, 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 Kimball Creek 11-416D-995 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 within the 480-acre drilling and spacing unit on the Application Lands. All unleased mineral owners (not otherwise voluntarily pooled) have been, or will have been, offered the opportunity to participate in the drilling of the Kimball Creek 11-416D-995 Well in the 480-acre Wellbore Spacing Unit. 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 Kimball Creek 11-416D-995 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. With respect to any undrilled wells within the 480-acre drilling and spacing Unit, Applicant shall comply with C.R.S. 34-60-116 and Rule 530 prior to considering a working interest owner or unleased mineral interest owner non-consenting under the Commission's order resulting from this application.

7. Applicant requests that the Commission's statutory pooling order, and all costs associated with any well drilled within the 480-acre drilling and spacing unit (including the Kimball Creek 11-416D-995 Well) and this statutory pooling issued with respect to this Application be retroactive to the earliest date costs are incurred for any well drilled within the 480-acre drilling and spacing unit as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

8. 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. Statutory pooling the interest owners in the 480-acre drilling and spacing unit as listed on Exhibit A pursuant to C.R.S. 34-60-116 and Rule 530, and specifically with those non-consenting interests and owners in the Kimball Creek 11-416D-995 Well with whom Applicant has been unable to secure an agreement for the drilling of the well described in Paragraph 5, and that such 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. That all interest owners in the 480-acre drilling and spacing unit for the Application Lands who are not voluntarily pooled in each well be involuntarily pooled.

C. That the Commission's statutory pooling order, and all costs associated with any well drilled within the 480-acre drilling and spacing unit (including the Kimball Creek 11-416D-995 Well) and this statutory pooling issued with respect to this Application be retroactive to the earliest date costs are incurred for any well drilled within the 480-acre drilling and spacing unit as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

D. 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,

AXIA ENERGY, LLC

By: _____

Jamie L. Jost
William A. Keefe
Matthew J. Lepore
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicant's Address:
1430 Larimer Street, Suite 400
Denver, CO 80202

VERIFICATION

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

Adam Sayers, of lawful age, being first duly sworn upon oath, deposes and says that he is the _____ for Axia Energy, LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Adam Sayers
Title: _____

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

Louis & Shudonna Rollenhagen
19043 Kimball Creek Road
Collbran, CO 81624

Joe Dennis & Kerry L. Kendrick
1047 Gunnison Avenue
Grand Junction, CO 81501

Pamela K. Smith
605 North Market Street
Frederick, MD 21701

Kentrek, Inc.
H. Joe Kendrick Jr.
2401 Pheasant Run Circle
Grand Junction, CO 81506-6045

Magnolia Mineral Trust, LLC
2273 Fillmore Street
Denver, CO 80210

Daniel Allen (Pete) Kenney
P.O. Box 15
Molina, CO 81646

Carl E. Click & Evonne J. Stites
P.O. Box 414
Collbran, CO 81624

John H. Click
P.O. Box 28
Collbran, CO 81624

Gary & Dianne Bayless
824 W. Reeves Street
Ridgecrest, CA 93555

David & Sandra Bowen (non-consenting unleased owner)
19264 Kimball Creek Road
Collbran, CO 81624

James Matarozzo
19217 Kimball Creek Road
Collbran, CO 81624

Alice, A. Jean, A. Joan Larsen
496 Arabian Way
Grand Junction, CO 81504-6224

Jack Harbin
19363 Kimball Creek Road
Collbran, CO 81624

Axia Energy, LLC
1430 Larimer Street, Suite 400
Denver, CO 80202

Larry & Laura Amos
16933 Kimball Creek Road
Collbran, CO 81624-9620

Douglas Nutter and Nancy Nutter
P.O. Box 136
Mesa, CO 81643

James & Karen Kirchner
2268 Willow Wood Road
Grand Junction, CO
81507-4206

Lawrence Luepschen
7 Selah Way
Lake Placid, FL 33852-9270

Trent & Sandra Hooper
57428 PE Road
Collbran, CO
81624-9618

Dana Sekal
19525 Kimball Creek Road
Collbran, CO 81624

Richard & Padte Turley (nonconsenting unleased party)
20024 Kimball Creek Road
Collbran, CO 81624

U.S. Department of the Interior – BLM
12815 H Road
Grand Junction, CO 81506

Encana Oil & Gas (USA) Inc.
Attn: Helen Capps
370 17th Street, Suite 1700
Denver, CO 80202

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COUNTY, COLORADO)	

AFFIDAVIT OF MAILING

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

William A. Keefe of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Axia Energy, LLC, that on or before July ____, 2011, he 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.

William A. Keefe

Subscribed and sworn to before me on July ____, 2011

Witness my hand and official seal.

My commission expires: _____.

Notary Public