

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 ALLOWING A VARIANCE FROM )  
RULE 318A.f. FOR THE SW¼ OF SECTION )  
14, TOWNSHIP 3 NORTH, RANGE 68 WEST, )  
6<sup>TH</sup> P.M., IN THE WATTENBERG FIELD, )  
WELD COUNTY, COLORADO )

Cause No. 407

Docket No. \_\_\_\_\_

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (“Applicant”), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado (“Commission”) seeking an order: (i) approving a variance from Commission Rule 318A.f. that establishes a limit of eight (8) producing completions for the J-Sand, Codell and Niobrara Formations as applied to the SW¼ of Section 14, Township 3 North, Range 68 West, 6th P.M., Weld County, Colorado (“Application Lands”), (ii) allowing a total of twelve (12) producing completions for the J-Sand Formation for the Application Lands, and (iii) allowing a total of thirteen (13) producing completions for the Codell and Niobrara Formations for the Application Lands. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. Applicant owns all or a substantial portion of the leasehold interests on the 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, established drilling windows and 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. The Application Lands are subject to the

foregoing Order and Rule 318A. Pursuant to Rule 318A.j., Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells.

6. Commission Rule 318A.f. provides that Rule 318A does not limit the number of wells that may be located within the Greater Wattenberg Area windows but, absent a Commission order otherwise, there shall be no more than eight (8) producing completions in the J-Sand, Codell or Niobrara Formations in any 160-acre governmental quarter section.

7. There is currently one (1) existing producing well on the Application Lands. Applicant proposes to directionally drill twelve (12) wells, for a total of twelve (12) wells (i.e. producing completions for the production of oil, gas, and associated hydrocarbons from the J-Sand Formation, and a total of thirteen (13) wells (i.e. producing completions), for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations on the Application Lands.

8. The well orientation and proposed bottomhole locations of the additional five (5) wells will result in the SW $\frac{1}{4}$  of Section 14, Township 3 North, Range 68 West containing thirteen (13) wells. The Burch 19-14, Burch 25-14, Burch 32-14, Burch 33-14 and Burch 23-14 Wells will be the ninth (9<sup>th</sup>), tenth (10<sup>th</sup>), eleventh (11<sup>th</sup>), twelfth (12<sup>th</sup>), and thirteenth (13<sup>th</sup>) well, respectively, in the SW $\frac{1}{4}$  of Section 14, Township 3 North, Range 68 West. Well Location Certificates for the Burch 19-14, Burch 25-14, Burch 32-14, Burch 33-14 and Burch 23-14 Wells are attached hereto. Although there will be thirteen (13) wells drilled in the SW $\frac{1}{4}$  of Section 14, Township 3 North, Range 68 West, only twelve (12) of these will be completed to the J-Sand Formation.

9. The surface locations for the Burch 19-14, Burch 25-14, Burch 32-14, Burch 33-14 and Burch 23-14 Wells are not located within an established drilling window pursuant to Commission Rule 318A.a. Applicant has a Surface Use Agreement, or alternatively the consent of the surface owner, to locate the wells on the surface locations depicted on the Well Location Certificates. The wells will be drilled on a multi-well pad and shall be drilled concurrently therefore having minimal additional impact to the surface.

10. Applicant requests that this Commission approve a variance from the eight (8) well limit in Commission Rule 318A.f. and allow a total of twelve (12) wells (i.e. producing completions for the production of oil, gas, and associated hydrocarbons from the J-Sand Formation, and a total of thirteen (13) wells (i.e. producing completions), for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations on the Application Lands.

11. Applicant asserts that this request to exceed the eight (8) well limit in the SW $\frac{1}{4}$  of Section 14, Township 3 North, Range 68 West is made in order to prevent waste and to maximize the efficient and economic production of the Codell Formation and Niobrara Formation hydrocarbon reserves without adversely affecting correlative rights of adjacent owners.

12. Applicant has notified the parties listed on Exhibit A pursuant to Commission rules.

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 shall enter its order:

A. Approving a Commission Rule 502.b. variance from the eight (8) well limit in Commission Rule 318A.f. and allow a total of twelve (12) wells, for a total of twelve (12) wells (i.e. producing completions for the production of oil, gas, and associated hydrocarbons from the J-Sand

Formation, and a total of thirteen (13) wells (i.e. producing completions), for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations on the Application Lands.

B. Approving the surface locations for the Burch 19-14, Burch 25-14, Burch 32-14, Burch 33-14 and Burch 23-14 Wells and confirm that they are not located within an established drilling window pursuant to Commission Rule 318A.a. and further confirm that Applicant has a Surface Use Agreement, or alternatively the consent of the surface owner, to locate the wells on the surface locations depicted on the Well Location Certificates.

C. Confirming that the wells will be drilled on a multi-well pad and shall be drilled concurrently therefore having minimal additional impact to the surface.

D. Finding that allowing a total of thirteen (13) wells on the Application Lands will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the J-Sand, Codell, and Niobrara Formations on the Application Lands; and

E. Granting any other relief necessary to prevent waste and protect correlative rights of the adjacent owners.

Dated this \_\_\_\_ day of July, 2011.

Respectfully submitted,

**KERR-MCGEE OIL & GAS ONSHORE LP**

By: \_\_\_\_\_

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Michael J. Wozniak  
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(303) 407-4499

Applicant's Address:  
P.O. Box 173779  
Denver, CO 80217-3379

VERIFICATION

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

David Kulmann, of lawful age, being first duly sworn upon oath, deposes and says that he is 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 his knowledge, information and belief.

\_\_\_\_\_  
David Kulmann, Regulatory Affairs Supervisor  
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

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**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 July \_\_\_\_, 2011, she attempted to cause 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, but there is no known address for such parties.

\_\_\_\_\_  
Jamie L. Jost

Subscribed and sworn to before me on July \_\_\_\_, 2011.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**EXHIBIT A**  
**INTERESTED PARTIES**

Kerr-McGee Oil & Gas Onshore  
PO Box 173779  
Denver, CO 80217-3779

Noble Energy Inc.  
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Celia Greenman  
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David Bauer  
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