

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 CODELL, NIOBRARA )  
AND J SAND FORMATIONS IN DESIGNATED )  
WELLBORE SPACING UNITS 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 wellbore spacing unit for the drilling of a well to produce oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations located in Section 30, Township 2 North, Range 68 West, 6<sup>th</sup> 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 30: SW $\frac{1}{4}$ SE $\frac{1}{4}$

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 for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations and a 320-acre wellbore spacing unit for the production of oil, gas, and associated hydrocarbons from the J Sand Formation, each as described below, 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 wellbore spacing units 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 units or proposed formations. Applicant holds an approved Application for Permit to Drill for the Bryant 23-30 Well within the designated 160-acre and 320-acre wellbore spacing units.

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 Niobrara-Codell Formations underlying the following described 160-acre wellbore spacing unit:

Township 2 North, Range 68 West, 6th P.M.  
Section 30: E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$

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

8. 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 320-acre wellbore spacing unit:

Township 2 North, Range 68 West, 6th P.M.  
Section 30: S $\frac{1}{2}$

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

9. Applicant proposes to directionally drill the Bryant 23-30 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated Niobrara-Codell Wellbore Spacing Unit and within the J Sand Wellbore Spacing Unit, with a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, Township 2 North, Range 68 West, and a bottomhole location 1230' FSL, 2510' FEL of Section 30, Township 2 North, Range 68 West. Well Location Certificates for each Wellbore Spacing Unit Well are attached hereto.

10. Exhibit A attached hereto lists working interest owners and unleased mineral interest owners (if any) for the Niobrara-Codell Wellbore Spacing Unit and within the J Sand 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 Niobrara-Codell Wellbore Spacing Unit and within the J Sand 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.

11. 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.

12. 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 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 the Codell, Niobrara, and 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. Statutory 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 Codell, Niobrara, and 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 statutorily pooled.

D. Establishing that the Commission's statutory pooling order, and all costs associated with the Bryant 23-30 Well and this statutory pooling, issued with respect to this Application be

retroactive to the earliest date costs are incurred for the Bryant 23-30 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  
Elizabeth Y. Gallaway  
Matthew J. Lepore  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202

Applicant's Address:  
1099 18<sup>th</sup> 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 Landman 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 Landman  
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/Unleased Interest Owners**

Blazer Petroleum Company (Non-consenting)  
4442 Elkhart Street  
Denver, CO 80239

Martin J. Harrington, Jr. (Consenting)  
2236 South Jackson Street  
Denver, CO 80210

George J. Walck (Non-consenting)  
7240 County Line Road  
Longmont, CO 80501

George W. Hopper (Consenting)  
(Sally Hopper)  
21649 Cabrini Blvd.  
Golden, CO 80401

**Royalty Owners**

Helen L. Bryant  
2005 James Drive  
Loveland, CO 80538

James Crump and Thelma M. Crump, JT  
1819 Pearl Street  
Covington, KY 41014

Troy Hefner and Judy Hefner, JT  
370 County Road 16 ½  
Longmont, CO 80504

Kenneth G. Neuens and Christi Ann Neuens, JT  
354 Weld County Road 16 ½  
Longmont, CO 80501

John W. True and Sandra L. True, Trustees of  
the True Living Trust dated October 6, 1998  
7370 Weld County Road #1  
Longmont, CO 80501

Ferman Ansel Estate  
3613 Gene Field Road  
St. Joseph, MO 64506

Nancy Lee Maio  
21310 94<sup>th</sup> Place Douth  
Kent, WA 98031

Martin Oase  
12828 Columbine Drive  
Longmont, CO 80504

Wilma Oase  
10300 Farmdale  
Firestone, CO 80504

Doloris Janie Heard  
1151 Eagle Drive, Box 170  
Loveland, CO 80537

Bart A. Fischer and Geri L. Fischer, JT  
7460 Weld County Road 1  
Longmont, CO 80504

Milan Halek and Marie Halek, JT  
7310 Pebble Ct.  
Longmont, CO 80503

Bessie M. Burgess Life Estate  
Attn: Darlen Lansberg  
7125 Vrain Street  
Westminster, CO 80030

Pamela R. Gasparrini  
5143 South Iris Way  
Littleton, CO 80123

Bryan Peltz  
7220 Weld County Road 1  
Longmont, CO 80504

Nancy L. Peltz  
7220 Weld County Road 1  
Longmont, CO 80504

David J. True and Jill E. True, JT  
322 County Road 16 ½  
Longmont, CO 80504

Thomas H. Adams and Lori R. Adams, JT  
318 Weld County Road 16 ½  
Longmont, CO 80504

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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