

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

IN THE MATTER OF THE APPLICATION OF)
NOBLE ENERGY, INC. FOR AN ORDER (I))
ESTABLISHING A 640-ACRE WELLBORES)
SPACING UNIT, (II) ALLOWING A VARIANCE)
FROM RULE 318A.f. FOR THE NW¼ and NE¼)
OF SECTION 25, TOWNSHIP 6 NORTH,)
RANGE 63 WEST, 6TH P.M., AND (III))
ALLOWING AN EXCEPTION LOCATION FOR)
ONE (1) HORIZONTAL WELL IN SECTION 25,)
TOWNSHIP 6 NORTH, RANGE 63 WEST, 6TH)
P.M. IN THE WATTENBERG FIELD, WELD)
COUNTY, COLORADO)

Cause No. 407

Docket No. _____

APPLICATION

COMES NOW Noble Energy, Inc. ("Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order: (i) establishing a 640-acre wellbores spacing unit for nine (9) horizontal wells; (ii) approving a variance from Commission Rule 318A.f. that establishes a limit of eight (8) producing completions for the Niobrara Formation as applied to the NW¼ and NE¼ of Section 25, Township 6 North, Range 63 West, 6th P.M., Weld County, Colorado ("Application Lands"), and (iii) allowing a total of ten (10) producing completions for the Niobrara Formation 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 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.
4. 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.

REQUEST FOR 640-ACRE WELLBORES SPACING UNIT

5. Applicant plans to drill nine (9) horizontal wells on the Application Lands.

6. Applicant requests that the Commission establish a 640-acre wellbores spacing unit for the nine (9) proposed horizontal wells on the Application Lands. The proposed 640-acre wellbores spacing unit shall consist of the following lands:

Township 6 North, Range 63 West, 6th P.M.
Section 25: All

Weld County, Colorado ("Wellbores Spacing Unit").

A reference map is attached hereto.

7. Applicant confirms that it is not changing the established 80-acre drilling and spacing units for any existing vertical Niobrara Formation wells. Applicant further confirms that it is not changing the established distribution of proceeds for any existing vertical Niobrara Formation well subject to Order No. 407-87. Applicant will allocate and distribute proceeds from the Well on a 640-acre basis.

8. Applicant asserts that a 640-acre Wellbores Spacing Unit will allow for economic and efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. A 640-acre Wellbores Spacing Unit is not smaller than the maximum area that can be economically and efficiently drained by nine (9) horizontal wells in such Wellbores Spacing Unit.

9. The surface locations for the nine (9) proposed wells are not located within an established drilling window pursuant to Commission Rule 318A.a. Applicant has a Surface Use Agreement, and/or the consent of the surface owner, for the surface location of each of the nine (9) proposed horizontal wells. The wells will be drilled on two new, multi-well pads which shall minimize the surface impact on the Application Lands.

10. The treated interval of the wellbore for eight (8) of the proposed horizontal wells shall be no closer than 460' from the boundaries of the 640-acre Wellbores Spacing Unit. The ninth (9th) well proposed setbacks are set forth below. The Applicant maintains that the horizontal wells will have no adverse effect on correlative rights of adjacent owners.

Request for Variance to Commission Rule 318A.f.

11. 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.

12. There are currently four (4) producing wells in the Codell and Niobrara Formations in the NE¼ of the Application Lands. Additionally, there are currently four (4) producing wells in the

Codell and Niobrara Formations in the NW¼ of the Application Lands. Applicant proposes to drill six (6) horizontal wells (or, depending on the surface location of the well, have portions of the wellbore completed in) on the Application Lands. If required, Applicant intends to have, by the time of hearing for this Application, an executed voluntary unit/pooling agreement for the leases that cover and/or include the Application Lands as approved by the necessary parties.

13. The well orientation and proposed bottomhole locations of the six (6) horizontal wells will result in the NW¼ and NE¼ of Section 25, Township 6 North, Range 63 West containing ten (10) wells (i.e. producing completions) for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

14. Applicant intends to drill the proposed new horizontal wells from two new multi-well pads located in the W½ of Section 25. Applicant has a surface use agreement with, or has obtained the consent of, the landowner to locate the surface locations for the proposed new horizontal wells outside of the drilling windows established by Commission Rule 318.A.a.

15. Applicant requests that this Commission approve a variance from the eight (8) well limit in Commission Rule 318A.f. and allow a total of ten (10) wells to be drilled and completed to the Niobrara Formation in each of the NE¼ and NW¼ of the Application Lands.

16. Applicant asserts that this request to exceed the eight (8) well limit in the NE¼ and NW¼ of Section 25, Township 6 North, Range 63 West is made in order to prevent waste and to maximize the efficient and economic production of the Niobrara Formation hydrocarbon reserves without adversely affecting correlative rights of adjacent owners.

Request for Exception Location for AA25-69HN Well/502 Variance:

17. Applicant intends to drill and complete the AA25-69HN well ("Well"), a horizontal well, with the intended bottomhole location in the NE¼NE¼ of Section 25, Township 6 North, Range 25 West, Weld County, Colorado and such bottomhole may be located within the 460' setback currently allowed by Rule 318A.

18. Applicant seeks an exception from Rule 318A in that it seeks to drill and complete the Well on the intended current bottomhole location of the Well as a horizontal well that will be located within the 460' setback currently required for the 640-acre Wellbores Spacing Unit boundary and adjacent lease lines. Applicant is currently in the process of obtaining waivers for such well location and setback pursuant to Rule 318.c. and Rule 502.

19. The surface hole location of the Well shall be situated in the NW¼ of Section 2, Township 6 North, Range 63 West.

20. That in order to prevent waste and protect correlative rights of all owners in the area surrounding the proposed exception location, it is reasonable and equitable to permit an exception location and/or 502 variance to allow the drilling and completion of a well in the described location.

21. 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:

640-ACRE WELLBORES SPACING UNIT

A. Establishing a 640-acre Wellbores Spacing Unit for the nine (9) proposed horizontal wells on the Application Lands;

B. Confirming that Applicant is not changing the established 80-acre drilling and spacing units for any existing vertical Niobrara Formation wells and further confirm that it is not changing the established distribution of proceeds for any existing vertical Niobrara Formation wells subject to Order No. 407-87.;

C. Confirming that the 640-acre Wellbores Spacing Unit will allow for economic and efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights; will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs; and that it is not smaller than the maximum area that can be economically and efficiently drained by nine (9) horizontal wells in such unit;

D. Confirming that the surface locations for the nine (9) proposed wells are not located within an established drilling window pursuant to Commission Rule 318A.a, and further confirming that Applicant has a Surface Use Agreement, and/or the consent of the surface owner, for the surface location of each of the nine (9) proposed horizontal wells;

E. Confirming that the treated interval of the wellbore for eight (8) of the proposed horizontal wells shall be no closer than 460' from the boundaries of the 640-acre Wellbores Spacing Unit;

Variance to Commission Rule 318A.f.

F. Approving a Commission Rule 502.b. variance from the eight (8) well limit in Commission Rule 318A.f. and allow a total of ten (10) wells to be drilled and completed to the Niobrara Formation in each of the NE $\frac{1}{4}$ and NW $\frac{1}{4}$ of the Application Lands;

G. Approving the surface locations for the six (6) horizontal wells from two new multi-well pads located in the W $\frac{1}{2}$ of Section 25, Township 6 North, Range 63 West and confirming that the drilling of such wells will result in minimal additional surface impact;

H. Finding that allowing a total of total of ten (10) wells (i.e. producing completions) to be drilled and completed to the Niobrara Formation in each of the NE $\frac{1}{4}$ and NW $\frac{1}{4}$ of the Application Lands will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Niobrara Formation on the Application Lands;

Exception Location for AA25-69HN Well/502 Variance

I. Approving an exception, and/or 502 variance, from Rule 318A in that it seeks to drill and complete the Well on the intended current bottomhole location of the Well as a horizontal well that will be located within the 460' setback currently required for the 640-acre Wellbores Spacing Unit boundary and adjacent lease lines; and

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

Dated this _____ of July, 2011.

Respectfully submitted,

Noble Energy, Inc.

By: _____

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VERIFICATION

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

Joseph H. Lorenzo, of lawful age, being first duly sworn upon oath, deposes and says that he is Attorney-in-Fact for Noble Energy, Inc. 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.

Joseph H. Lorenzo

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
INTERESTED PARTIES

The list of interested parties shall be filed in compliance with COGCC rules.