

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 INTERESTS IN )  
THE CODELL, NIOBRARA, AND J SAND )  
FORMATIONS 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 160-acre 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 32, Township 2 North, Range 66 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; is duly authorized to conduct business in the State of Colorado; and is a registered operator in good standing with the Commission.

2. Applicant owns certain interests in the following lands:

Township 2 North, Range 66 West, 6th P.M.  
Section 32: SW $\frac{1}{4}$ NE $\frac{1}{4}$

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 Fehr 25-32 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 Codell, Niobrara, and J Sand Formations underlying the following described 160-acre wellbore spacing unit:

Township 2 North, Range 66 West, 6th P.M.  
Section 32: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$

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

8. Applicant directionally drilled the Fehr 25-32 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated 160-acre Wellbore Spacing Unit with a surface location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 32, Township 2 North, Range 66 West, and a bottomhole location 2580' FNL, 2570' FEL of Section 32, Township 2 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), and/or royalty interest owners 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 requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Pooling all interests in the Wellbore Spacing Unit for the development of the Codell, Niobrara and J Sand Formations, including any future wells drilled to said formation.

B. Providing that the Commission’s pooling order is made effective as of the earlier of the date of this Application, or the date that any of the costs specified in C.R.S. § 34-60-116(7)(b)(II) were first incurred for the drilling of the Fehr 25-32 Well.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the authorized well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof.

D. For such other findings and orders as the Commission may deem proper or advisable in this matter.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in October, 2011, that notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

DATED this \_\_\_ day of September, 2011.

Respectfully submitted,

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

By: \_\_\_\_\_  
Kenneth A. Wonstolen  
Elizabeth Y. Gallaway  
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 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 Landman  
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this \_\_\_\_ day of September 2011.

Witness my hand and official seal.

[SEAL]

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

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

**EXHIBIT A**  
**Interested Parties**

**Working Interest Owners NB-CD**

Noble Energy, Inc.  
1625 Broadway, Ste. 2000  
Denver, CO 80202

H. L. Willett Estate  
518 17<sup>th</sup> Street, Ste. 250  
Denver, CO 80202

Chaparral Resources, Inc.  
**(Non-consenting)**  
1209 Orange Street  
Wilmington, DE 19801

Weld County  
915 10<sup>th</sup> Street  
Greeley, CO 80632

Heirs/Devises of the Estate of  
Epifano V. Sepulveda, deceased  
**(Non-consenting)**  
2442 Gnugnuska Street  
Rapid City, SD 57701

**Working Interest Owners JSND**

Noble Energy, Inc.  
1625 Broadway, Ste. 2000  
Denver, CO 80202

H. L. Willett Estate  
518 17<sup>th</sup> Street, Ste. 250  
Denver, CO 80202

Weld County  
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Heirs/Devises of the Estate of  
Epifano V. Sepulveda, deceased  
**(Non-consenting)**  
2442 Gnugnuska Street  
Rapid City, SD 57701

**Royalty Owners NB-CD & JSND**

Clifford D. Carter and Elizabeth A. Carter, JT  
1621 14<sup>th</sup> Street  
Fort Lupton, CO 80621

Nichols Aluminum – Golden, Inc.,  
formerly Quanex Three, Inc., a Delaware  
corporation  
1405 E. 14<sup>th</sup> Street  
Fort Lupton, CO 80621

Ernest Heinze  
Route 2, Box 52  
Fort Lupton, CO 80621

Lone Pine Corporation  
a defunct Colorado corporation  
7824 S. Magnolia Way  
Englewood, CO 80203

Public Service Company of Colorado  
550 15<sup>th</sup> Street  
Denver, CO 80202

H. L. Willett Estate  
518 17<sup>th</sup> Street, Ste. 250  
Denver, CO 80202

Tokatee Land Co. Limited Partnership,  
an Oregon limited partnership  
1991 W. 2<sup>nd</sup> Avenue  
Eugene, OR 97402

Lucia Pacheco, Delfino Pacheco and Casey  
Pacheco, JT  
1450 14<sup>th</sup> Street  
Fort Lupton, CO 80621

Esther M. Torres  
1430 14<sup>th</sup> Street  
Fort Lupton, CO 80621-2729

Weld County  
915 10<sup>th</sup> Street  
Greeley, CO 80632

Joseph L. Sepulveda  
1400 14<sup>th</sup> Street  
Fort Lupton, CO 80621-2729

Dustan S. Sepulveda  
1400 14<sup>th</sup> Street  
Fort Lupton, CO 80621-2729

Paul Martinez  
254 4<sup>th</sup> Street  
Fort Lupton, CO 80621

Lupe Martinez  
254 4<sup>th</sup> Street  
Fort Lupton, CO 80621

Laura V. Gomez  
1370 14<sup>th</sup> Street  
Fort Lupton, CO 80621-2736

Petra Chavez  
436 Pacific Avenue  
Fort Lupton, CO 80621-1723

Jim Ells  
2435 71st Ave.  
Greeley, CO 80634

Emilia Munoz, Trustee  
84 East Jessup  
Brighton, CO 80601

Raymond Yslas  
1460 14<sup>th</sup> Street  
Fort Lupton, CO 80621-2729

Christine M. Jeidy  
402 Beth Avenue  
Fort Lupton, CO 80621

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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 \_\_\_\_\_, 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 \_\_\_\_\_ 2011.

Witness my hand and official seal.

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

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