

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 pooling all interests within a designated 160-acre 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, and Section 5, Township 1 North, Range 66 West, 6th 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 leasehold interests in the following wellbore spacing unit requested for pooling:

Township 2 North, Range 66 West, 6th P.M.
Section 32: SW ¼SE¼

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 and Niobrara 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 Carter 36-32 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 statutorily pooling all interests, including any nonconsenting 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 $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

Township 1 North, Range 66 West, 6th P.M.
Section 5: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

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

8. Applicant directionally drilled the Carter 36-32 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated Wellbore Spacing Unit with a surface location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 2 North, Range 66 West, and a bottomhole location 50' FSL and 2570' FEL of Section 32, Township 2 North, Range 66 West. The Wellbore Spacing Unit Well was spud on June 6, 2011. A well location certificate for the Wellbore Spacing Unit Well is attached hereto.

9. Exhibit A attached hereto lists all persons owning an interest in the mineral estate of 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 Carter 36-32 Well and this statutory pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Carter 36-32 Well as allowed by C.R.S. § 34-60-116(7).

11. 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. Pooling all interests in the Wellbore Spacing Unit for the development of the Codell, Niobrara, and J-Sand Formations.

B. Providing that the Commission's pooling order is made effective as of 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 Carter 36-32 Well in the Wellbore Spacing Unit.

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 the premises.

DATED this ___ day of September, 2011.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Kenneth A. Wonstolen
Elizabeth Y. Gallaway
Matthew J. Lepore
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Applicant's Address:

1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Katie Baker, of lawful age, being first duly sworn upon oath, deposes and says that he is Senior Staff Landman 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.

Landman 2
Kerr-McGee Oil & Gas Onshore LP

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Working Interest:

Kerr- McGee Oil & Gas Onshore LP
1099 18th St
Denver, CO 80202

Estate of H.L Willett
518 17th St #250
Denver, CO 80202

Chaparral Resources Inc (Non-Consenting)
1209 Orange Street
Wilmington, DE 19801

Weld County, Colorado
9015 10th St
P.O. Box 758
Greeley, CO 80632

Royalty Owners:

Vincent Properties, Inc
877 Poppy Dr
Brighton, CO 80601

Estate of Ralph Vincent
PO Box 4575
Boulder, CO 80306

Ernest Heinze
Route 2, Box 52
Ft. Lupton , CO 80621

Lone Pine Corporation, a defunct Colorado
Corporation
P.O Box 296
Fort Lupton, CO 80621

Philip T. Apel and Patricia Dale Apel Trust
Dated April 15, 1996
40 Maraine Dr
Henderson, NV 89052

Sandra K. Conner Trust dated January 26,
1984
2 Osprey Circle
Thorton, CO 80241

Kurt W. Conner
2797 Buckner Lane
Thompson Station, TN 37179

Nancy S. Keeth
1001 Evans Street
Franklin, TN 37064

The Amended and Restated Parker
Revocable Trust U/A dated August 17, 2004
8809 West Seldon Lane
Peoria, AZ 85345

Robin A. Parker
10 Cedar St
Norwood, MA 2062

Marian Parker Dize
921 Indian Peak Rd
Golden, CO 80403

B.T. Griffith Wife's Trust
340 C.R. 239
Durango, CO 81301

Public Service Company of Colorado
550 15th Street
Suite 700
Denver, CO 80202

Jana Rae Steele
4339 1st CT
Lake Worth, FL 33462

Patricia Steele
1105 Grand Ave
Everett, WA 98201

Virginia K. Eggleston
4 Timothy CT
Novato, CA 94949

Barbara J. Conn
135 Riverview Dr
Durango, CO 81301

Robert T. Eggleston
PO Box 4174
Pagosa Springs, CO 81157

Russell E. Steele
2704 NE 87th St
Seattle, WA 98115

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DESIGNATED WELLBORE SPACING UNIT)
LOCATED IN THE WATTENBERG FIELD,)
WELD COUNTY, COLORADO)

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AFFIDAVIT OF MAILING

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

Matthew J. Lepore of lawful age, and being first duly sworn upon her oath, states and declares:

That he is the attorney for Kerr-McGee Oil & Gas Onshore LP, that on or before September 8, 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.

Matthew J. Lepore

Subscribed and sworn to before me September ___ 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public