

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

IN THE MATTER OF THE APPLICATION OF)	
GULFPORT ENERGY CORPORATION FOR)	
AN ORDER ESTABLISHING TWO DRILLING)	CAUSE NO. _____
AND SPACING UNITS AND POOLING NON-)	
CONSENTING INTERESTS IN THE)	DOCKET NO. _____
NIOBRARA FORMATION UNDERLYING)	
CERTAIN LANDS IN AND NEAR THE CRAIG)	
FIELD, MOFFAT COUNTY, COLORADO)	

VERIFIED APPLICATION

Gulfport Energy Corporation (the "Applicant"), through its attorneys, Bjork Lindley Little PC, respectfully submits to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") this application for an order establishing two approximately 640-acre drilling and spacing units for the drilling of wells in the Niobrara Formation underlying certain lands in Moffat County, Colorado. In support of this application, Applicant states as follows:

1. The Applicant is a Delaware corporation authorized to conduct business in Colorado.
2. The Applicant owns leasehold interests in the Niobrara Formation underlying the following lands located in and near the Craig Field in Moffat County, Colorado:

Township 6 North, Range 91 West, 6th P.M.
Section 9: E½
Section 10: All
Section 11: W½

(the "Application Lands").

3. A reference map identifying the Application Lands is attached as Exhibit A. Exhibit A also identifies by order number other nearby lands in which the Commission has issued orders spacing the Niobrara Formation.
4. Exhibit B is a list of all interested parties as defined in Commission Rules. The Applicant certifies that copies of this Application shall be served on each interested party listed in Exhibit B within seven days of the filing of this Application as provided in Commission Rule 503.
5. Several wells have been drilled on the Application Lands. None of them are presently producing and all of them have been plugged and abandoned. Commercial records (IHS) indicate that one well in the E½ of Section 9 produced for a short time from the Niobrara Formation during the 1990s before it was plugged and abandoned. All other wells were either dry and abandoned or drilled and completed to other formations.
6. The Commission has not issued any orders establishing drilling and spacing units in the Application Lands for wells producing from the Niobrara Formation. Commission Order

No. 474-3, effective July 1, 1990, established 320 acre drilling and spacing units in the E½ of Section 9 and all of Section 10 of the Application Lands for wells producing from the Mesa Verde coal seams.

7. As noted above, the Commission has issued orders establishing drilling and spacing units for the Niobrara Formation in some nearby lands.

8. Commission Order No. 103-7, effective September 17, 1990, addressed lands one township to the east of the Application Lands. In Order No. 103-7, the Commission defined the Niobrara Formation according to a reference well, identified the Niobrara Formation as a common source of supply in the area, and established a 640-acre drilling and spacing unit consisting of Section 23, Township 6 North, Range 90 West, 6th P.M. in which a highly deviated wellbore could be drilled to encounter and establish production from fractures in the Niobrara Formation.

9. Commission Order No. 474-4, effective March 31, 2008, established 320 acre drilling and spacing units for the Niobrara Formation in certain lands immediately west of the Application Lands in the SW¼ of Section 9 and the SE¼ of Section 8. Commission Order No. 474-4 authorized the drilling of one well and a second, optional well for production from the Niobrara Formation within the 320-acre spacing units. Commission Order No. 474-4 accepted the Niobrara Formation as a common source of supply in the area consisting of calcareous benches with zones of more significant fracture development and an average thickness of 280 feet.

10. Pursuant to Commission Rules, the Applicant also has submitted or will submit separate Applications for Permit to Drill and Form 2 filings for the Ellgen #11-10-1 with a surface location in the NW¼ of Section 10, Township 6 North, Range 91 West and the Moffat #22-11-1 with a surface location in the NW¼ of Section 11, Township 6 North, Range 91 West.

Drilling and Spacing Unit Request

11. The Applicant requests the Commission establish two (2) separate approximately 640-acre drilling and spacing units in the Application Lands for wells drilled to and producing from the Niobrara Formation:

- a. An approximately 640-acre drilling and spacing unit consisting of the E½ of Section 9 and the W½ of Section 10 of the Application Lands; and
- b. A separate approximately 640-acre drilling and spacing unit consisting of the E½ of Section 10 and the W½ of Section 11 of the Application Lands.

12. The Applicant intends to initially drill one well in each proposed drilling and spacing unit to encounter and establish production from fractures in the Niobrara Formation. In the event the initial well is non-commercial the Applicant proposes to highly deviate or horizontally drill the well to encounter the highest occurrence of fractures possible and to produce the unit most efficiently. The Applicant also requests the ability to drill one optional vertical, highly deviated or horizontal well in each approximately 640-acre drilling and spacing unit. Bottom hole locations will

be no closer than 660 feet to any outer boundary of the unit with no setback requirements as to any interior quarter section line.

13. Evidence to be presented by the Applicant including, but not limited to, evidence accepted by the Commission to support other prior orders in nearby lands, will establish the presence of the Niobrara Formation as a source of common supply beneath the Application Lands and show that the Niobrara Formation is capable of producing economic volumes of oil, gas and associated hydrocarbons from each of the proposed drilling and spacing units.

14. The evidence also shall demonstrate that the Commission should authorize, at the option of the Applicant or other operator, the drilling of one well in each proposed approximately 640-acre drilling and spacing unit and, in addition, one other optional vertical, highly deviated or horizontal well within each approximately 640-acre drilling and spacing unit with bottom hole locations no closer than 660 feet to any outer boundary of the unit with no setback required as to any interior quarter section line. Vesting the Applicant or other operator with this discretion will best promote the efficient and effective drainage of oil, gas and associated hydrocarbons from the Niobrara Formation underlying the Application Lands, prevent waste and protect correlative rights in a manner consistent with the requirements of § 34-60-116, C.R.S. (2010), and COGCC 530. The evidence will show the Applicant or other operator should have the option of designing its drilling program so as to most efficiently and effectively explore for, encounter and establish production from the most highly fractured calcareous benches within the Niobrara Formation underlying the Application Lands.

15. Finally, the evidence shall establish that one well and one other option well may be drilled and produced within each proposed drilling and spacing unit in a manner consistent with the protection of public health, safety and welfare, including the protection of the environment and wildlife resources.

Involuntary Pooling Request

16. The Applicant also asks that the Commission order the involuntarily pooling of all interests not voluntarily pooled for the development of the Niobrara Formation within each of the proposed 640-acre drilling and spacing units in the Application Lands.

17. The Applicant has made reasonable efforts to locate and reach agreement with all known working interest and mineral interest owners in the Application Lands as provided in § 34-60-116, C.R.S. (2010), and COGCC Rule 530. The Applicant now anticipates that it may not be able to reach agreement with all owners.

18. Offers to lease or other applicable offers have been or shall be made to all known interest owners in the Application Lands not already leased or pooled at least thirty days prior to the hearing on this Application as provided in § 34-60-116, C.R.S. (2010), and COGCC Rule 530.

19. The order involuntarily pooling all non-consenting mineral or working interest owners in each 640-acre drilling and spacing unit should be made retroactive to the earliest date costs were incurred in connection with the initial well within each drilling and spacing unit proposed in this Application, as provided in § 34-60-116, C.R.S. (2010), or the date of this Application, whichever is earlier.

20. Moreover, the Commission's order should be made applicable to all subsequent wells drilled in each drilling and spacing unit proposed in this Application.

21. In order to prevent waste, protect correlative rights and promote the efficient and effective drainage of oil, gas and associated hydrocarbons from the Niobrara Formation underlying the Application Lands, the Commission should order that the interests of all non-consenting owners of interests to participate in the production from the proposed 640-acre drilling and spacing units in the Application Lands be pooled as to production from the Niobrara Formation in accordance with § 34-60-116, C.R.S. (2010), and COGCC Rule 530.

Conclusion and Request for Relief

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

Respectfully submitted on June 9, 2011.

BJORK LINDLEY LITTLE PC

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VERIFICATION

STATE OF OKLAHOMA)	
)	ss.
COUNTY OF OKLAHOMA)	

I, Jay A. Thomas, am employed as the Director of Business Development for the Applicant, Gulfport Energy Corporation. I have read the foregoing Application, have personal knowledge of the facts asserted in it and hereby swear upon oath that the matters discussed in the Application are true and correct to the best of my knowledge, information and belief.

Name: /s/ Jay A. Thomas

Address: 14313 N. May Avenue

Suite 100

Oklahoma City, OK 73134

Subscribed and sworn to before me this 8th day of June, 2011.

Witness my hand and official seal.

My commission expires: September 5th, 2012.

/s/ Ashley Randolph
Notary Public

[SEAL]

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