

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

IN THE MATTER OF THE APPLICATION OF	)	
CHESAPEAKE EXPLORATION, LLC FOR AN	)	
ORDER ESTABLISHING A DRILLING AND	)	Cause No. _____
SPACING UNIT FOR THE NIOBRARA	)	
FORMATION IN WELD COUNTY,	)	Docket No. _____
COLORADO	)	

**APPLICATION**

Chesapeake Exploration, LLC ("Applicant"), by and through its undersigned attorneys, submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing a 640-acre drilling and spacing unit for horizontal well development of the Niobrara Formation in the following lands:

Township 1 North, Range 64 West, 6th P.M. – Weld County  
Section 8: All

("Application Lands")

In support of its Application, Applicant states and alleges as follows:

1. Applicant is a company duly authorized to conduct business in Colorado, and has registered as an operator with the Commission.
2. Applicant owns substantial leasehold interests in 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 and 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. Applicant requests the right to drill a horizontal well to and in the Niobrara Formation in the drilling and spacing unit to be established pursuant to this Application, with the treated interval of the wellbore to be no closer than 600 feet from the proposed unit boundaries (regardless of lease lines within the unit).

5. That in order to promote efficient drainage of the Niobrara Formation underlying the application lands, to prevent waste, and to protect correlative rights, the Commission should establish the approximate 640-acre drilling and spacing unit as requested herein for the drilling of a horizontal well in said unit. The drilling and spacing unit of the specified size and configuration is not smaller than the maximum area that can be economically and efficiently drained by one well.

6. That according to the information and belief of the Applicant, the names and addresses of the interested parties hereto are set forth in Exhibit A; and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, 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 this Commission enter its order consistent with Applicant's petition as set forth above.

Dated this \_\_\_\_ day of June, 2011.

**BEATTY & WOZNIAK, P.C.**

By: \_\_\_\_\_  
William A. Keefe  
Kenneth A. Wonstolen  
Elizabeth Y. Gallaway  
216 Sixteenth Street, Suite 1100  
Denver, Colorado 80202-5155  
303-407-4499

Applicant's Address:  
P.O. 18496  
Oklahoma City, OK 73154

**VERIFICATION**

STATE OF OKLAHOMA                    )  
  )     ss.  
OKLAHOMA COUNTY                    )

Nick Watkins, of lawful age, being first duly sworn upon oath, deposes and says that he is District Landman for Chesapeake Exploration, LLC, that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

\_\_\_\_\_  
Nick Watkins, District Landman

Subscribed and sworn to before me this \_\_\_\_ day of June, 2011.

Witness my hand and official seal.

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

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

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

Chesapeake Exploration, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154-0496

OOGC America, Inc.  
c/o CNOOC International Limited  
P.O. Box 4705  
No. 25 Chaoyangmenbei Dajie  
Dongcheng District  
Beijing, 100010  
P.R. China

Celia Greenman  
Colorado Division of Wildlife  
6060 Broadway  
Denver, CO 80216

Kent Kuster  
Colorado Department of Public Health and  
Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

David Bauer  
Weld County Government  
1111 H Street  
Greeley, CO 80632

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**AFFIDAVIT OF MAILING**

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

William A. Keefe, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Chesapeake Exploration, LLC and that on or before June \_\_\_\_, 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.

\_\_\_\_\_  
William A. Keefe

Subscribed and sworn to before me June \_\_, 2011.

Witness my hand and official seal.

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

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