

**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 ONE (1) DRILLING)	Cause No. _____
AND SPACING UNIT FOR THE NIOBRARA)	
FORMATION IN DOUGLAS 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 one (1) drilling and spacing unit for horizontal well development of the Niobrara Formation in the following lands:

Township 6 South Range 66 West, 6th P.M.
Section 8: All

Douglas County, ("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. The Application Lands are unspaced with respect to the Niobrara Formation, which is a common source of supply underlying said lands. Since there are no Commission orders specifically applicable to the development of the Niobrara Formation, wells drilled on said lands are subject to Rule 318 – Location of Wells. Under said rule, wells greater than 2,500 feet in depth shall be located not less than 600 feet from any lease line, and shall be located not less than 1,200 feet from any other well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing.
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 L.L.C.
6100 N Western
Oklahoma City, Oklahoma 73154

NNP II Stonegate, LLC
9033 East Easter Place
Centennial, CO 80112-3548

OOGC America, Inc (c/o CNOOC International
Ltd)
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

Curt Weitkunat
Douglas County Planning Services
100 Third Street
Castle Rock, CO 80104

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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