

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

IN THE MATTER OF THE APPLICATION OF)
APOLLO OPERATING, LLC FOR THE) Cause No. _____
ESTABLISHMENT OF A 160-ACRE)
WELLBORE SPACING UNIT FOR THE) Docket No. _____
CODELL AND NIOBRARA FORMATIONS AND)
FOR AN ORDER POOLING ALL WORKING,)
UNLEASED AND/OR NONCONSENTING)
INTERESTS IN THE PROPOSED 160-ACRE)
WELLBORE SPACING UNIT FOR THE)
CODELL AND NIOBRARA FORMATIONS)
LOCATED IN THE WATTENBERG FIELD,)
ADAMS COUNTY, COLORADO)

APPLICATION

COMES NOW Apollo Operating, LLC (referred to herein as “Applicant”), by and through its undersigned attorneys, and makes application to the Colorado Oil and Gas Conservation Commission (“COGCC”), for an order to establish a 160-acre wellbore spacing unit for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations and to pool all working, unleased, and/or non-consenting interests within the proposed 160-acre wellbore spacing unit for production from the Codell and Niobrara Formations located in Section 12, Township 3 North, Range 68 West, 6th P.M., Weld County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good-standing with the COGCC.
2. Applicant owns certain leasehold interests in the following lands (hereinafter referred to as “Application Lands”):

Township 3 North, Range 68 West, 6th P.M.
Section 12: SE¼

Weld County, Colorado

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. 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. 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. The Application Lands are subject to the foregoing Orders and Rule 318A. Except with respect to the size and configuration of spacing units for pre-existing wells, Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells pursuant to Rule 318A.j. To date, four wells have been drilled in the SE¼ of Section 12.

I. 160-ACRE WELLBORE SPACING UNIT REQUEST

5. To promote efficient drainage within the Codell and Niobrara Formations of the Application Lands, to protect correlative rights, to avoid waste, and pursuant to Rule 318A.a.(4), the Commission should establish a 160-acre wellbore spacing unit for the Martin 45-12D Well (defined below) on the Application Lands, as illustrated on the Well Location Certificate attached as Exhibit B hereto and made a part hereof.

6. That the approximate 160-acre proposed wellbore spacing unit will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. A 160-acre wellbore spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in each such unit. Noble Energy, Inc., a working interest owner in the Application Lands, supports and consents to this 160-acre Wellbore Spacing Unit.

7. The names and addresses of the interested parties associated with the proposed 160-acre wellbore spacing unit, according to the information and belief of the Applicant, are set forth in Exhibit A attached hereto and made a part hereof.

II. INVOLUNTARY POOLING REQUEST

8. 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 involuntarily pool all interests not voluntarily pooled (including working interests and unleased mineral interests) in the Codell and Niobrara Formations underlying the above-proposed 160-acre wellbore spacing unit:

Township 3 North, Range 68 West, 6th P.M.
Section 12: SE $\frac{1}{4}$

(hereinafter referred to as the "160-acre Wellbore Spacing Unit").

9. Applicant owns certain leasehold interests in the 160-acre Wellbore Spacing Unit.

10. Applicant proposes to directionally drill the Martin 45-12D well ("Martin 45-12D Well") with a proposed surface location of 1799' FSL and 711' FEL of Section 12: NE $\frac{1}{4}$ SE $\frac{1}{4}$, Township 3 North, Range 68 West and a proposed bottomhole location of 1327' FSL and 1334' FEL of Section 12, Township 3 North, Range 68 West. Applicant holds an approved Application for Permit to Drill for the Martin 45-12D Well.

11. Exhibit A attached hereto lists working interest owners and unleased mineral interest owners for the 160-acre Wellbore Spacing Unit together with their addresses. All working interest owners (not otherwise voluntarily pooled) have been, or will be, offered the opportunity to voluntarily participate in the drilling of the Martin 45-12D Well. To date, 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 five wells. AFE's containing the information respecting this well required by Commission Rule 530.b. were sent to 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 within the 160-acre Wellbore Spacing Unit. All unleased mineral owners (not otherwise voluntarily pooled) have been offered the opportunity to participate in the drilling of the Martin 45-12D Well. To date, 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, Applicant has made, or will make, 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, not all of such unleased mineral owners have accepted such offers. Such AFE's and 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.

12. Applicant requests that the Commission's involuntary pooling order issued with respect to this Application be made retroactive to the date of the spudding of the Martin 45-12D Well.

13. 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. Establishing an approximate 160-acre wellbore spacing unit for the Application Lands;

B. Pooling involuntarily all of the working interest owners listed on Exhibit A with whom Applicant has been unable to secure an agreement for the drilling of the Martin 45-12D Well, as described in Paragraph 10, and that such working interest owners be treated as non-consenting owners under C.R.S. §34-60-116 and made subject to the terms and penalties provided for therein.

C. Pooling involuntarily all of the unleased mineral interest owners listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Martin 45-12D Well as described in Paragraph 10 and that such owners be treated as non-consenting owners under C.R.S. §34-60-116 and made subject to the terms and penalties provided for therein.

D. That all interest owners in the 160-acre Wellbore Spacing Unit which are not voluntarily pooled in such units be involuntarily pooled.

E. That the effective date of the COGCC's involuntary pooling order will be made retroactive to the date of spudding of the Martin 45-12D Well.

F. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this ____ day of December, 2010.

Respectfully submitted,

APOLLO OPERATING, LLC

By: _____
Brent D. Chicken
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Applicant's Address:
P.O. Box 173779
Denver, Colorado 80217-3779

VERIFICATION

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

Jesse L. White, of lawful age, being first duly sworn upon oath, deposes and says that he is the Operations Manager/Manager for Apollo Operating, LLC 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.

Jesse L. White, Operations Manager/Manager

Subscribed and sworn to before this ____ day of December, 2010.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Designation of 160-acre Wellbore Spacing Unit – Codell/Niobrara:

Noble Energy, Inc.
Attn: Elizabeth A. Ecord
1625 Broadway, Suite 2200
Denver, CO 80202

Irene Rodriguez
PO Box 171-53
Boulder, CO 80308

U.S. Bank National Association, as Trustee for TBW MORTGAGE-BACKED TRUST 2006-6,
MORTGAGE PASS-THROUGH CERTIFICATES, Series 2006-6
1417 N. Magnolia Avenue
Ocala, FL 34475

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

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

Bruce T. Barker
Weld County
P.O. Box 758
Greeley, CO 80632

Involuntary Pooling for Martin 45-12D Well – Codell/Niobrara:

Irene Rodriguez
PO Box 171-53
Boulder, CO 80308

U.S. Bank National Association, as Trustee for TBW MORTGAGE-BACKED TRUST 2006-6,
MORTGAGE PASS-THROUGH CERTIFICATES, Series 2006-6
1417 N. Magnolia Avenue
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AFFIDAVIT OF MAILING

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

Brent D. Chicken of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Apollo Operating, LLC, that on or before December 8, 2010, 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.

Brent D. Chicken

Subscribed and sworn to before me on December ____, 2010.

Witness my hand and official seal.

My commission expires: _____.

Notary Public