

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

IN THE MATTER OF THE APPLICATION OF)
GREAT WESTERN OIL AND GAS COMPANY)
LLC FOR AN ORDER ESTABLISHING A)
SPACING UNIT AND POOLING CERTAIN)
INTERESTS FOR PRODUCTION OF OIL)
AND GAS FROM THE J SAND, CODELL AND)
NIOBRARA FORMATIONS UNDERLYING)
CERTAIN LANDS IN WELD COUNTY, CO)

CAUSE NO. 407 and 232

DOCKET NO. _____

APPLICATION

The Applicant, Great Western Oil and Gas Company, LLC ("Great Western"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing a 160-acre wellbore spacing unit for production from the J Sand, Codell and Niobrara formations, and pooling all interests therein as follows:

BACKGROUND

1. Great Western is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Great Western owns an oil and gas leasehold interest in the NW/14 of Section 31 Township 7 North, Range 65 West, 6th P.M., Weld County, Colorado ("Section 31" hereinafter).
3. According to the records of the Commission, no wells have been drilled in the NW1/4 of Section 31 as of the date of this Application.
4. Commission Rule 318A(a)(4)(b) authorizes the drilling of a "five-spot" well to a bottom hole location within an 800' by 800' square in the center of each quarter section of Section 31, for production from the J Sand, Niobrara and Codell formations, and with respect to any such well the establishment of a voluntary drilling and spacing unit consisting of the governmental quarter section, or the filing of an application with the Commission to establish such a unit.
5. Great Western desires to drill the Gustafson #31-52 well in the NW1/4 from a "five-spot" location authorized by Rule 318A.

SPACING REQUEST

6. On information and belief, the Commission has not entered an order establishing drilling and spacing units for production of oil and gas from the J Sand, Codell or Niobrara formations underlying the NW1/4 of Section 31.

7. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to establish drilling and spacing units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

8. Commission Rule 318A(a)(4)B authorizes the Commission to establish a 160-acre wellbore drilling and spacing unit for a well drilled to the J Sand, Codell and/or Niobrara formations, when the bottom-hole location of such well is within a square with sides of 800 feet located in the center of the NW1/4 of Section 32.

9. Previous testimony before the Commission has therefore established that an 80-acre drilling and spacing unit is not less than the maximum area than can be efficiently, economically and effectively drained by wells producing oil, gas and associated hydrocarbons from the J Sand, Codell and/or Niobrara formations underlying said NW1/4 of Section 31.

10. Great Western requests that the Commission establish a 160-acre drilling and spacing wellbore unit consisting of the NW1/4 of Section 31, for the J Sand, Codell and Niobrara formations, produced from the Gustafson #31-52 well.

11. The establishment of such a unit will prevent or assist in preventing waste by assuring that wells in the NW1/4 may be completed and produced without prejudice to the rights of other leasehold or mineral owners, and ensuring that the pool as a whole may be efficiently and economically developed.

12. The establishment of such a unit will protect the correlative rights of both leasehold owners and mineral owners in the NW1/4 of Section 31.

INVOLUNTARY POOLING REQUEST

13. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit, for the development and operation of a well.

14. The proposed unit contains numerous residential lots within the Arrowhead and North Side Subdivisions of the Town of Eaton. Great Western has sent a proposed lease to, and attempted to negotiate an oil and gas lease with, the unleased mineral owners listed on **Exhibit A** to this Application, covering their unleased oil and gas rights in the NW1/4. The terms of the leases offered are reasonable and no less favorable than those prevailing in the area at this time

15. Great Western has also sent a proposed AFE to such unleased mineral owners, giving them the opportunity to participate in the drilling of the proposed wells.

16. As of the date of this Application such unleased mineral owners have failed to agree to lease their interests in the NW1/4, or to bear their share of the costs of drilling and completing the proposed wells.

17. An Order of the Commission pooling all interests in the NW1/4 is necessary in order to afford each owner of an interest therein the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying the NW1/4 of Section 31.

18. The granting of such an Order would not be prejudicial to the owners in the NW1/4 of Section 31 and would protect correlative rights.

19. The granting of such an Order would prevent or assist in preventing waste and will insure that the pool as a whole may be efficiently and economically developed.

REQUEST FOR HEARING AND ORDER

WHEREFORE, Great Western prays that this matter be set for hearing on November 29 or 30, 2010, Notice of said Hearing be given as required by law, if no protests are timely received the matter be considered pursuant to Rule 511(b), and the Commission enter an Order:

A. Establishing a 160-acre wellbore drilling and spacing unit consisting of the NW1/4 of Section 31 for production of oil and gas from the J Sand, Codell and/or Niobrara formations from the proposed Gustafson #31-52 well; and

B. Pooling all non-consenting interests in the NW1/4 of Section 31 with respect to production of the J Sand, Codell and/or Niobrara formations from the Gustafson #31-52 well, and that such pooling order:

(1) be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the NW1/4 the opportunity to recover or receive, without unnecessary expense, his just and equitable share of oil and gas;

(2) provide that production obtained from the NW1/4 be allocated to each owner therein on the basis of the proportion that the number of mineral acres held by each owner in such drilling unit bears to the total number of mineral acres within the drilling unit;

(3) provide that Great Western be allowed to recover from any non-consenting owner's share of production the penalty costs as provided in Colorado Revised Statute Section 34-60-116 (7); and

(4) require Great Western to provide each leasehold interest owner in said W/2NW/4 with monthly statement of costs incurred together with the quantity of oil and gas produced and proceeds realized, pursuant to C.R.S. §34-60-116(8).

RESPECTFULLY SUBMITTED this 7th day of October, 2010.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____
J. Michael Morgan

Great Western=s Address:

1700 Broadway, Suite 1170
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EXHIBIT "A"
TO
APPLICATION OF GREAT WESTERN OIL AND GAS COMPANY LLC

Interested Parties in the NW¼ of Section 31, Township 7 North, Range 65 West

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CERTIFICATE OF MAILING

I hereby certify that on the 7th day of October, 2010, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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