

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

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR)
AN ORDER ESTABLISHING ONE (1) 320-)
ACRE DRILLING AND SPACING UNIT FOR)
ONE (1) HORIZONTAL WELL IN THE)
GREENHORN AND GRANEROS)
FORMATIONS FOR SECTION 26, TOWNSHIP)
3 NORTH, RANGE 68 WEST, 6TH P.M., IN THE)
WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. _____

Docket No. _____

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission"), for an order establishing one (1) 320-acre drilling and spacing unit for the drilling of one (1) horizontal well for production of oil, gas, and associated hydrocarbons from the Greenhorn and Graneros Formations underlying Section 26, Township 3 North, Range 68 West, 6th P.M., Weld County, Colorado ("Application Lands"). 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.
2. Applicant owns all or a substantial portion of the leasehold interests on the Application Lands.
3. The Application Lands are unspaced and are subject to Rule 318A, which, among other things, established drilling windows and 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.
4. Applicant requests that the Commission establish a 320-acre drilling and spacing unit pursuant to Rule 318A and Colorado Revised Statute Section 34-60-116(2). The 320-acre drilling and spacing unit shall consist of the N $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 26, Township 3 North, Range 68 West, 6th P.M., Weld County, Colorado.
5. Applicant plans to drill one (1) horizontal well within the proposed 320-acre drilling and spacing unit. The Douthit 32-26HZ Well has a proposed surface hole location of 2279' FSL and 330' FEL (NE $\frac{1}{4}$ SE $\frac{1}{4}$) of Section 26, Township 3 North, Range 68 West and a proposed bottomhole location of 2320' FSL and 470' FWL of Section 26, Township 3 North, Range 68 West. The surface location for the Douthit 32-26HZ Well is not located within an established drilling window pursuant to Commission Rule 318A.a but has an approved Application for Permit to Drill and surface use agreement from the surface owner.
6. Applicant asserts that a 320-acre drilling and spacing unit will allow for economic and efficient drainage of the Greenhorn and Graneros 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 320-acre drilling and spacing unit is not smaller than

the maximum area that can be economically and efficiently drained by the one (1) horizontal well within such unit.

7. The treated interval of the wellbore shall be no closer than 460' from the boundaries of the 320-acre drilling and spacing unit. The Applicant maintains that the one (1) horizontal well will have no adverse effect on correlative rights of adjacent owners.

8. Contemporaneous with this Application, Applicant is filing an involuntary pooling application for the Douthit 32-26HZ Well located on the Application Lands.

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 shall enter its order:

A. Establishing a 320-acre drilling and spacing unit for the Application Lands that includes the Douthit 32-26HZ Well for the production of oil, gas, and associated hydrocarbons from the Greenhorn and Graneros Formations;

B. Approving the surface location for the Douthit 32-26HZ Well and establishing that the treated interval of the wellbore shall be no closer than 460' from the boundaries of the 320-acre drilling and spacing unit.

C. Finding that the 320-acre drilling and spacing unit will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Niobrara Formation on the Application Lands; and

D. Granting any other relief necessary to prevent waste and protect correlative rights of the adjacent owners.

Dated this 3rd day of May, 2011.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____
Jamie L. Jost
Michael J. Wozniak
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, CO 80217-3379

VERIFICATION

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

 Matt Miller, of lawful age, being first duly sworn upon oath, deposes and says that he is Land Manager for Kerr-McGee Oil & Gas Onshore LP 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.

Name: Matt Miller
Land Manager

Subscribed and sworn to before this ____ day of May, 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

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AFFIDAVIT OF MAILING

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

Jamie L. Jost of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Kerr-McGee Oil & Gas Onshore LP, that on or before May ____, 2011, she attempted to cause 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, but there is no known address for such parties.

Jamie L. Jost

Subscribed and sworn to before me on May __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A

Glen Douthit
4886 State Highway 66
Longmont, CO 80504

William Edwards Trust – Bank of the West
ATTN: Susie Roh
600 17th Street, Suite 1500
Denver, CO 80202

L&J Land LLC
13184 WCR 13
Longmont, CO 80504

Robert and Diane Rademacher
13728 I-25 Frontage Road
Longmont, CO 80504

Robert and Janis Rademacher
13774 East I25 Frontage Road
Longmont, CO 80504

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