

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) Cause No. _____
AN ORDER POOLING ALL WORKING,)
UNLEASED AND/OR NONCONSENTING) Docket No. _____
INTERESTS IN THE CODELL, NIOBRARA)
AND J SAND FORMATIONS IN A)
DESIGNATED WELLBORE SPACING UNIT)
LOCATED IN THE WATTENBERG FIELD,)
WELD COUNTY, COLORADO)

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 Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all interests within a designated 160-acre wellbore spacing unit for the drilling of a well to produce oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations located in Section 26, Township 5 North, Range 65 West, 6th P.M. Weld County, Colorado. In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited partnership formed under the laws of the State of Delaware; is a wholly owned subsidiary of Anadarko Petroleum Corporation; and is duly authorized to conduct business in the State of Colorado.

2. Applicant owns certain leasehold interests in the following wellbore spacing unit requested for pooling:

Township 5 North, Range 65 West, 6th P.M.

Section 26: SE $\frac{1}{4}$ NE $\frac{1}{4}$

Weld County, Colorado ("Application Lands").

3. On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J-Sand for the Application Lands and allowed up to two (2) wells to be drilled within each 320-acre drilling and spacing unit.

4. 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.

5. 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. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The lands encompassing the wellbore spacing unit are subject to this Rule for the Codell, Niobrara, and J-Sand Formations.

6. Applicant designated a 160-acre wellbore spacing unit, as described below, for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara and J-Sand Formations pursuant to Rule 318A and notified the appropriate parties under Rule 318A.e. Applicant did not receive any objections to the establishment of the proposed 160-acre wellbore spacing unit within the 20-day response period. Applicant hereby certifies to the Commission that it has not received any objections to the well location, proposed spacing unit or proposed formations. Applicant holds an approved Application for Permit to Drill for the Geib 41-26 Well within the designated 160-acre wellbore spacing unit.

7. 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, Niobrara, and J-Sand Formations underlying the following described 160-acre wellbore spacing unit:

Township 5 North, Range 65 West, 6th P.M.

Section 25: W $\frac{1}{2}$ NW $\frac{1}{4}$

Section 26: E $\frac{1}{2}$ NE $\frac{1}{4}$

(referred to herein as the "Wellbore Spacing Unit")

8. Applicant directionally drilled the Geib 41-26 Well, API # 05-123-32111 (hereinafter the "Wellbore Spacing Unit Well") within the designated Wellbore Spacing Unit with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26, Township 5 North, Range 65 West, and a bottomhole location of 1425' FNL and 190' FEL of Section 26, Township 5 North, Range 65 West. The Wellbore Spacing Unit Well was spud on March 4, 2011. A well location certificate for the Wellbore Spacing Unit Well is attached hereto.

9. Exhibit A attached hereto lists working interest owners, unleased mineral interest owners (if any), and/or royalty interest owners for the Wellbore Spacing Unit together with their addresses. All working interest owners (not otherwise voluntarily pooled) have been offered the opportunity to voluntarily participate in the drilling of the Wellbore Spacing Unit Well. As applicable, to date, however, 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 well. An Authority for Expenditure ("AFE") containing the information respecting this well required by Commission Rule 530.b. was sent to each of 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, if any, within the Wellbore Spacing Unit. As applicable, all unleased mineral owners (not otherwise

voluntarily pooled) have been offered the opportunity to participate in the drilling of the Wellbore Spacing Unit Well. To date, however, 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 and as applicable, Applicant has made 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, however, not all of such unleased mineral owners have accepted such offers. Such 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.

10. Applicant requests that the Commission's involuntary pooling order, and all costs associated with the Geib 41-26 Well and this involuntary pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Geib 41-26 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

11. 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. 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 Wellbore Spacing Unit Well and establishing that such working interest owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the all of the terms, costs, and penalties provided for therein.

B. Pooling involuntarily all of the unleased mineral interest owners, if any, listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Wellbore Spacing Unit Well and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to all of the terms, costs, and penalties provided for therein.

C. That all interest owners in the Wellbore Spacing Unit which are not voluntarily pooled in the Wellbore Spacing Unit be involuntarily pooled.

D. Establishing that the Commission's involuntary pooling order, and all costs associated with the Geib 41-26 Well and this involuntary pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Geib 41-26 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

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

DATED this __ day of April, 2011.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Applicant's Address:

1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

_____, of lawful age, being first duly sworn upon oath, deposes and says that he is Attorney in Fact 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.

Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this ____ day of April 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A Interested Parties

Working Interest Owners:

Wellstar Corporation
11990 Grant Street, Suite 550
Northglenn, CO 80233

Merit Partners, LP, Merit Energy
Partners III, LP and Merit Energy
Partners D-III, LP (Non-consenting)
13727 Noel Road
Dallas, TX 75240

Viola Production, Inc. (Non-
consenting)
PO Box 515226
Dallas, TX 75251

Cowan Oil Company 1989- #1 Joint
Venture (Non-consenting)
9205 W. Indian Hills Dr.
Sun City, AZ 85351-1711

Cowan Oil Company (Non-
consenting)
8552 Nido Avenue
Mesa, Arizona 85209

Royalty Owners:

Pumpkin Buttes LLC
P.O. Box 1989
Casper, WY 82602

Jonathan S. Roderick, as Trustee of
the Jonathan S. Roderick Living Trust
P.O. Box 7961
Boulder, CO 80306

Alma and Kelly Tisher, JT
P.O. Box 533
Littleton, CO 80160

Kristin Hoch Quinn
141 Granada Ave.
Long Beach, CA 90803

Odyssey Royalties, LLC
8261 S Monaco Ct.
Englewood, CO 80112

Pepco, Inc.
3981 S Birch St
Englewood, CO 80113

Linda Dianne Weingardt
7172 W Mare Av.
Coolidge, AZ 85128

J. Larry Ehrlich
1490 N Desert Willow St
Casa Grande, AZ 85122

Russell Ehrlich
341 Fort Crook Rd S #203
Bellevue, NE 68005-2269

Sandy Kenney
2808 Arthur Dr.
Lees Summit, MO 64082

Jonathan Ehrlich
14158 Cornell Ave.
Denver, CO 80228

Katharine Anne Wicklitz
2024 25th Ave. So.
Minneapolis, MN 55406

James David Wicklitz
4528 Beard Ave. So.
Minneapolis, MN 55410

Black River Royalties, LLC
621 17th Street Ste. 945
Denver, CO 80293

White River Royalties, LLC
4194 South Valentia Street
Denver, CO 80237-1746

Louis A. Oswald, III, as Trustee of the
Oswald Family Trust
1557 Ogden Suite 300
Denver, CO 80218

Kenneth D. Hill
6605 Ambar Ave.
Cincinnati, OH 45230

EG, LLC
7218 W Canberra St Dr
Greeley, CO 80634

Rachel E. Kaveny(DECEASED
Raymond L. Kaveny Personal Rep of
her estate)
2122 Clubhouse Dr
Greeley, CO 80634

Donald P. Hill
9128 North 70th Street
Paradise Valley, AZ 85253

Sayers H. Sarran
3939 Erie Ave. Apt 3150
Cincinnati, OH 45208

Barbara H. Irwin
358 Cobblestone Dr
Colorado Springs, CO 80906

Noble Energy, Inc.
1625 Broadway, Suite 2200
Denver, CO 80202

Walter Ehrlich (ESTATE)
660 White Ave.
Grand Junction, CO 81502

Reuben Ehrlich
2805 8th Avenue
Greeley, CO 80631-5415

Charles D. Ehrlich
Address Unknown

Mary K. Sheehan
12704 Pequoson
Austin, TX 78727

Virginia G. Nance
13615 Rainwater Drive
Pearland, TX 77584

Virginia Souder
26 Briar Ct.
Fairfield Glade, TN 38558

Matthew and Lisa Geib, JT
700 6th Street
Greeley, CO 80634

Johns Hopkins University
1101 E 33rd St. Ste. E 200
Baltimore, MD 21218

Andrews Capital Holdings, LLC
1300 Teakwood Drive
Fort Collins, CO 80525

Lisa J. Johnson
560 Fifth Street
Nunn, CO 80648

Cyril John Grossaint
2422 50th Avenue
Greeley, CO 80634

Rosemary Alene Mathis
1704 51st Avenue
Greeley, CO 80634

Richard Jeffrey Grossaint
3193 Castle Canyon Avenue
Henderson, NV 89012

Keith Joseph Grossaint
395 Golden Shore Drive
Las Vegas, NV 89123

Mark R. and Melvin L. Hamilton
23561 Weld County Road 52
Greeley, CO 80631

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Greeley, CO 80631

Melvin L. Hamilton
25469 Weld County Road 52
Greeley, CO 80631

Roland L. Wegher
2542 West 15th Street
Greeley, CO 80634

Joanne and Gerald Hart, JT
1826 Daytona Lane
Johnstown, CO 80534

Carol E. Barrett
523 Pawnee Dr.
Sterling, CO 80751

Marise R. Downing
2422 Ninth Avenue
Greeley, CO 80631-7037

A. Gene Wegher
1650 Country Club Rd.
Gillette, WY 82718-5564

Sister Mary Wegher
1851 ST City Springs Rd.
Rapid City, SD 57702-9602

ROEC, Inc.
528 S Corona St.
Denver, CO 80209

Paragon Oil & Gas LLC
9640 Red Oakes Place
Littleton, CO 80126

The Rita Cassell Living Trust dated
July 25, 2006
2235 Garland Street
Lakewood, CO 80215

Colorado State Bank and Trust, NA,
as Custodian FBO Thomas Cassell
SD
1600 Broadway
Denver, CO 80202

Roger C. Keaton, II
25565 Weld County Road 47
Greeley, CO 80631

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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 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.

Jamie L. Jost

Subscribed and sworn to before me April 2011.

Witness my hand and official seal.

My commission expires: _____

Notary Public