

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

IN THE MATTER OF THE APPLICATION OF NOBLE ENERGY, INC. TO ESTABLISH ONE DRILLING AND SPACING UNIT AND TO ESTABLISH WELL LOCATION RULES FOR THE MANCOS, NIOBRARA, FRONTIER, AND MOWRY FORMATIONS ("MANCOS GROUP FORMATIONS") FOR CERTAIN DESCRIBED LANDS IN THE RULISON FIELD AREA, GARFIELD AND MESA COUNTIES, COLORADO

CAUSE NO. _____

DOCKET NO. _____

APPLICATION

COMES NOW Noble Energy, Inc. ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes application to the Colorado Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing one drilling and spacing unit pursuant to C.R.S. Section 34-60-116, as detailed below, and to establish well location rules for the Mancos, Niobrara, Frontier, and Mowry Formations ("Mancos Group Formations") covering certain described lands in the Rulison Field area, Garfield and Mesa Counties, Colorado and in support of its application states and alleges as follows:

1. That Applicant is duly authorized to conduct business in the State of Colorado.
2. That Applicant owns certain leasehold interests in a portion of the following proposed drilling and spacing unit located in Garfield and Mesa Counties, Colorado:

Township 8 South, Range 95 West, 6th P.M.

Section 7: Tract 37, Tract 38

Section 18: A parcel of land situate in the northwest quarter, the northwest quarter of the northeast quarter, the southwest quarter of the northeast quarter and the southwest quarter of Section 18 in Township 8 South and Range 95 West of the Sixth Principal Meridian in Garfield and Mesa counties, Colorado and being the Government Tracts described as follows:

1. That portion of government Tract No. 38 lying within the said Section 18;
2. Government Tract No. 39;
3. Government Tract No. 40, save and except that portion described as follows:

Considering the north line of the said northwest quarter of Section 18 as bearing North 89° 55' 28" West, and all the bearings shown herein are referenced from. The terminus of the said north line being monumented with Brass Caps set during the U. S. General Land Office Independent Resurvey made in 1929.

Beginning at the southeast corner of the said Tract 40, same being angle point 4 of Tract 40 and angle point 3 of Tract 41.

THENCE, along the south line of the said Tract 40, South 88° 29' 41" West a distance of 766.15 feet;

THENCE, North 0° 05' 58" East a distance of 661.40 feet;

THENCE, South 89° 58' 02" East a distance of 755.32 feet to the east line of the said Tract 40;

THENCE, along the said east line of Tract 40, South 0° 50' 28" East a distance of 640.91 feet to the Point of Beginning.

The above described save and except portion containing 11.37 acres of land more or less.

4. Government Tract 41, save and except that portion described as follows:

Beginning at the southeast corner of the said Tract 41, same being angle point 6 of Tract 41;

THENCE, along the south line of said Tract 41, South 89° 41' 23" West a distance of 2621.10 feet to the southwest corner (angle point 5) of said Tract 41;

THENCE, along the most westerly line of said Tract 41, North 0° 39' 59" West a distance of 1344.36 feet to the most southerly northwest corner (angle point 4) of said Tract 41;

THENCE, along the most westerly north line of said Tract 41, North 88° 29' 41" East a distance of 1214.47 feet to an "ell" corner (angle point 3) of said tract 41;

THENCE, along the middle west line of said Tract 41, North 0° 50' 28" West a distance of 640.91 feet;

THENCE, South 89° 58' 02" East a distance of 522.52 feet to the east line of the southwest quarter of said Section 18;

THENCE, along the said east line of the southwest quarter, North 0° 16' 22" East a distance of 1313.13 feet to the center quarter corner location of the said Section 18;

THENCE, along the north line of the southeast quarter of said Section 18, South 89° 55' 21" East a distance of 788.83 feet to the east line of the said Tract 41;

THENCE, along the said east line of Tract 41, South 2° 04' 46" East a distance of 1983.25 feet to the northwest corner (angle point 3) of Tract 44;

THENCE, continuing along the said east line of said Tract 41, South 1° 49' 34" East a distance of 1333.29 feet to Point of Beginning.

The above described save and except portion containing 126.27 acres of land more or less.

The combined area of that portion of the said Section 18 being within the Application Lands being 352.34 acres of land, more or less.

Township 8 South, Range 96 West, 6th P.M.

Section 1: Lots 2, 3, 4, S½NW¼, SW¼NE¼, NW¼SE¼, S½SE¼, SW¼

Sections 2, 11 and 12: All

containing approximately 2,921.58 acres, more or less.

(hereinafter collectively referred to as "Application Lands")

3. The unitized formation is described as follows:

The interval below the stratigraphic equivalent of the base of the Iles Formation as found at a depth of 6,619' and extending down to the top of the Dakota Formation as found at a depth of 10,881' in the M. Dutton 1-

34B Well located in the SW¼SE¼ of Section 1, T8S, R96W, Garfield County, Colorado.

4. The Application Lands are unspaced as to the Mancos Group Formations and are therefore governed by Rule 318.a. which established that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil and gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

5. That Applicant has drilled a vertical well, the M. Dutton 1-34B located within the Application Lands in the SW¼SE¼ of Section 1, T8S, R96W, Garfield County, Colorado to the Mancos Group Formations. Moreover, a second vertical well, the Edson Scholl 11-14 Well, also located within the Application Lands in the SE¼SW¼ of Section 11, T8S, R96W, is also producing from the Mancos Group Formations, these two vertical wells are hereinafter referred to as "Prior Existing Wells". For purposes of calculation of ownership participation in the proposed drilling and spacing unit, these Prior Existing Wells and ten (10) acres surrounding each of them shall be excluded from the proposed drilling and spacing unit. Royalty proceeds from the Prior Existing Wells shall remain distributed under Rule 318a separate and apart from the drilling and spacing unit established hereby.

6. That to promote efficient drainage of the Mancos Group Formations in the Application Lands, Applicant requests that the Commission establish a drilling and spacing unit pursuant to C.R.S. 34-60-116, as set forth in Paragraph 2 above, for the production of gas and associated hydrocarbons from the Mancos Group Formations. The size and shape of the proposed drilling and spacing unit is necessary to accommodate the lateral lengths of Applicant's horizontal drilling plans on the Application Lands. A map of the proposed drilling and spacing unit is attached herto as Exhibit B and incorporated herein by reference.

7. That, as to the Application Lands, the Commission should approve the well locations for any horizontal well drilled within the drilling and spacing unit as being located anywhere on the surface within the drilling and spacing unit with the treated interval of the wellbore being located downhole anywhere upon the Application Lands but no closer than 600 feet from the boundary of the established drilling and spacing unit, and also located no closer than 600 feet from any other well producing from the Mancos Group Formations, without exception being granted by the Commission. Applicant requests that the Rule 318a setback of 1,200 feet from existing wells within the proposed drilling and spacing unit producing from the same formation be modified as provided herein.

8. That, by the date of the hearing, Applicant expects to have secured a Pooling Agreement executed by all of the working interest owners and a majority of the royalty interest owners in the proposed drilling and spacing unit.

9. That, except as previously authorized by order of the Commission, the Commission should allow that all vertical, directional, or horizontal wells drilled within the drilling and spacing unit shall be located on a new, common, or existing well pad, however, with the exception of the NW¼SE¼ of Section 1, T8S, R96W, no more than one (1) surface well pad shall be located in any governmental quarter quarter section or 40-acre equivalent thereof. It is Applicant's intent that at least the initial three (3) wells shall be drilled from one (1) new wellpad located on surface owned by Applicant located in the NW¼SE¼ of Section 1, T8S, R96W.

10. The granting of this application for establishment of a drilling and spacing unit will prevent waste; will not violate correlative rights and will assure the greatest ultimate efficient and economic recovery of gas and associated hydrocarbon substances from the Mancos Group Formations. Moreover, allowing the proposed horizontal development will consolidate operations and reduce surface impacts when compared to vertical development.

11. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth on Exhibit A attached hereto and made a part hereof.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in January 2012, that notice be given as required by law, and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this ____ day of November, 2011.

Respectfully submitted:

NOBLE ENERGY, INC.

By:

Michael J. Wozniak
Matthew J. Lepore
Jamie L. Jost
Beatty & Wozniak, P.C.
216 Sixteenth St. Suite 1100
Denver, Colorado 80202

Applicant's Address:

Noble Energy, Inc.
ATTN: Robert Hoelsken
1625 Broadway, Suite 2200
Denver, CO 80202

VERIFICATION

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

Robert Hoelsken, of lawful age, being first duly sworn upon oath, deposes and says that he is a Land Manager for The RM Business Unit of Noble Energy, Inc. 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.

Robert Hoelsken
Land Manager, RM Business Unit

Subscribed and sworn to before me this _____ day of November, 2011.

Witness my hand and official seal.

My commission expires:

Notary Public

EXHIBIT A

INTERESTED PARTIES

EnCana Oil & Gas (USA) Inc.
Attn: Helen Capps
370 17th St., Suite 1700
Denver, CO 80202

Williams Production RMT Company
Attn: Sandy Nelson
1001 17th St., Suite 1200
Denver, CO 80202

David Dutton
4852 County Road 306
Parachute, CO 81635

Bureau of Land Management
Attention: Bob Hartman
2300 River Frontage Road
Silt, CO 81652

Denice Brown
Garfield County
0375 County Road 352, Bldg 2060
Rifle, CO 81650-8412

Randy Price
Mesa County Planning & Eco. Development
750 Main Street
P.O. Box 20000
Grand Junction, CO 81501

Bureau of Land Management
2815 H Road
Grand Junction, CO 81506

Bureau of Land Management
Colorado State Office
Attn: Hank Szymanski
2850 Youngfield St.
Lakewood, CO 80215

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

Kim Kaal
Energy Liaison
Colorado Division of Wildlife
711 Independent Ave.
Grand Junction, CO 81505

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AFFIDAVIT OF MAILING

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

Elizabeth Y. Gallaway of lawful age, and being first duly sworn upon her oath, states and declares:

That she is an attorney for Noble Energy, Inc., that on or before November ____, 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.

Elizabeth Y. Gallaway

Subscribed and sworn to before me November ____, 2011.

Witness my hand and official seal.

My commission expires:

Notary Public