

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

IN THE MATTER OF THE APPLICATION FOR AN ORDER POOLING ALL INTERESTS IN THE NIOBRARA FORMATION IN A 640-ACRE DRILLING AND SPACING UNIT IN WELD COUNTY, COLORADO		CAUSE NO. DOCKET NO.
---	--	-----------------------------

APPLICATION

COMES NOW Chesapeake Exploration, LLC ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order pooling all interests for the development of the Niobrara Formation on the following described lands:

Township 3 North, Range 62 West, 6th P.M.
Section 31: All

Weld County, Colorado

(hereinafter "Application Lands").

In support of its application, 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 Commission.
2. Applicant owns leasehold interests in a substantial portion of the Application Lands.
3. 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 Application Lands are subject to this Rule for the Niobrara Formation.
4. On October 24, 2011, the Applicant filed an Application, Docket No. 1112-SP-158, seeking to, among other things, establish 640-acre drilling and spacing units for certain lands, including the Application Lands, and allow the drilling of two horizontal wells in each such drilling and spacing unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. The Application is currently pending and is scheduled to be heard by the Commission on December 12, 2011. Approval of this pooling Application is contingent on approval of its companion drilling unit application.

5. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests in the Application Lands for the development of the Niobrara Formation, including any nonconsenting interests therein.

6. Applicant requests that the Commission's pooling order be made effective as of the earlier of the date of this Application, or the date that any of the costs specified in C.R.S. § 34-60-116(7)(b)(II) were first incurred for the drilling of the State 31-3-62 1H well to the Niobrara Formation on the Application Lands.

7. Applicant certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 507.b(2), and that at least thirty (30) days prior to the hearing on this matter, each such interest owner not otherwise leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the well, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

8. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands should be pooled for the orderly development of the Niobrara Formation, including any nonconsenting interests therein.

WHEREFORE, Applicant requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Pooling all interests in the Application Lands for the development of the Niobrara Formation, including any future wells drilled to said formation.

B. Providing that the Commission's pooling order is made effective as of the earlier of the date of this Application, or the date that any of the costs specified in C.R.S. § 34-60-116(7)(b)(II) were first incurred for the drilling of the State 31-3-62 1H well to the Niobrara Formation on the Application Lands.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the authorized well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof.

D. For such other findings and orders as the Commission may deem proper or advisable in this matter.

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, the Commission enter its order consistent with Applicant's request as set forth above.

Dated: November ____, 2011

By: _____
William A. Keefe
Kenneth A. Wonstolen
Elizabeth Gallaway
Beatty & Wozniak, P.C.
216 Sixteenth Street-Suite 1100
Denver, CO 80202-5115

Address of Applicant
Chesapeake Exploration, LLC
ATTN: Nick Watkins
6100 N. Western Avenue
Oklahoma City, OK 73118

VERIFICATION

STATE OF OKLAHOMA

)

SS.

COUNTY OF OKLAHOMA

)

Nick Watkins of lawful age, being first duly sworn upon oath, deposes and says that he is District Landman for Chesapeake Exploration, 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.

By:

Nick Watkins

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

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT A

Cheaspeake Exploration, LLC
6100 N.Western Ave.
Oklahoma City, OK 73118

OOGC America, Inc.
c/o CNOOC International Limited
P.O.Box 4705, No.25 Chaoyangmenbei
Dajie, Dongcheng District
Beijing, 100010
P.R. China

Hobe Minerals, LLC
7475 Highland Dr.
Lakewood, CO 80214

Colorado State Board of Land Commissioners
1127 Sherman Street, Suite 300
Denver, CO 80203

State of Colorado
600 Grant Street, Suite 640
Denver, CO 80203

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

IN THE MATTER OF THE APPLICATION FOR AN ORDER POOLING ALL INTERESTS IN THE NIOBRARA FORMATION IN A 640-ACRE DRILLING AND SPACING UNIT IN WELD COUNTY, COLORADO		CAUSE NO. DOCKET NO.
---	--	-----------------------------

AFFIDAVIT OF MAILING

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

Kenneth A Wonstolen, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Chesapeake Exploration, LLC, and that on or before November __, 2011 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.

Kenneth A. Wonstolen

Subscribed and sworn to before me November __, 2011.

Witness my hand and official seal.

My commission expires: _____.

Notary Public