

**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.
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**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 63 West, 6th P.M.  
Section 12: 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 June 27, 2011, the Commission entered Order No. 535-44, which among other things, established 640-acre drilling and spacing units for certain lands, including the Application Lands, and authorized one horizontal well in each unit for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.
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 Cervi Enterprises 12-3-63 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 Cervi Enterprises 12-3-63 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**

Chesapeake Exploration, LLC  
P.O. Box 18496  
Oklahoma City, OK 73154-0496

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

Marathon Oil Company  
P.O. Box 3128  
Houston, TX 77253

Marubeni Denver Julesburg LLC  
2800 Post Oak Boulevard, Suite 6000  
Houston, TX 77056

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

Hobe Minerals  
7475 Highland Drive  
Lakewood, CO 80214

Montana Oil Properties, Inc.  
2812 1st Avenue North, Suite 305  
Billings, MT 59101

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## 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**