

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 POOLING ALL INTERESTS IN)
THE CODELL AND NIOBRARA)
FORMATIONS IN A DESIGNATED)
WELLBORE SPACING UNIT LOCATED 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 Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all interests within a 160-acre designated wellbore spacing unit for the drilling of a well to produce oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations located in Section 3, 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 interests in the following lands:

Township 5 North, Range 65 West, 6th P.M.
Section 3: NE/4SW/4

Weld County, Colorado ("Application Lands").

3. 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.

4. 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 and Niobrara Formations.

5. Applicant designated a 160-acre wellbore spacing unit, as described below, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara 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 Winters 23-3 Well within the designated 160-acre wellbore spacing unit. The Winters 23-3 Well was spud in early 2011.

6. 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 statutorily pool all interests not voluntarily pooled (including working interests and unleased mineral interests) in the Codell and Niobrara Formations underlying the following described 160-acre wellbore spacing unit:

Township 5 North, Range 65 West, 6th P.M.
Section 3: E/2SW/4, W/2SE/4

Weld County, Colorado (referred to herein as the "Wellbore Spacing Unit").

7. Applicant proposes to directionally drill the Winters 23-3 Well (hereinafter the "Wellbore Spacing Unit Well") within the designated 160-acre Wellbore Spacing Unit with a surface location in the NW/4SW/4 of Section 3, Township 5 North, Range 65 West and a bottomhole 1370' FSL and 2590' FWL of Section 3, Township 5 North, Range 65 West. A Well Location Certificate for the Wellbore Spacing Unit Well is attached hereto.

8. 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.

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

10. Notice of this Application has been provided to those parties listed on Exhibit A attached hereto.

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 Wellbore Spacing Unit for the development of the Codell and Niobrara Formations, including any future wells drilled to said formations.

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 Winters 23-3 Well to the Codell and Niobrara Formations 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.

DATED this ___ day of November, 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:

Kerr-McGee Oil & Gas Onshore LP
ATTN: Betty Booth
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Betty Booth, of lawful age, being first duly sworn upon oath, deposes and says that she is a Land Consultant for Kerr-McGee Oil & Gas Onshore LP and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Land Consultant
Kerr-McGee Oil & Gas Onshore LP

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Working Interest Owners

Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779

Merit Partners, LP
13727 Noel Road, Suite 500
Dallas, TX 75240

Lee S. Bublitz
27953 N 111th Way
Scottsdale, AZ 85262

Claus B. Sternberg
2000 East 12th Avenue, #37
Denver, CO 80206

Lamar B. Roemer
35 N. Wynden Drive
Houston, TX 77056-2507

Merit Energy Partners III, LP
13727 Noel Road, Suite 500
Dallas, TX 75240

Merit Energy Partners D-III, LP
13727 Noel Road, Suite 500
Dallas, TX 75240

Kerri Kowalski
P.O. Box 130
Midwest, WY 82643

Rick Pickering
P.O. Box 423
Edgerton, WY 82635-0423

Lori Folkers
1007 North Broadway
Crookston, MN 56716

Royalty Interest Owners

GAP, LLC
5310 DTC Parkway STE A
Greenwood Village, CO 80111

Fairmeadows Liquidation Trust
7448 Sugar Maple Court
Castle Rock, CO 80108

Bliss Investments, LLC
PO Box 816
Greeley, CO 80632

Bliss Produce Co.
A Colorado Corporation
PO Box 816
Greeley, CO 80632

Edward A Glendenning and
Linda A Glendenning, JT
1720 East 8th St
Greeley, CO 80631

Doeringsfeld and Aratas
A Joint Venture
Walter Doeringsfeld &
Aratas Doeringsfeld
8120 Gage St
Frederick, CO 80516

Greeley-Weld County
Airport Authority
P.O. Box 727
Greeley, CO 80632

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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 the attorney for Kerr-McGee Oil & Gas Onshore LP, 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