

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

IN THE MATTER OF THE VERIFIED APPLICATION OF MARATHON OIL COMPANY FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS IN AN ESTABLISHED 640 ACRE DRILLING AND SPACING UNIT FOR WELLS DRILLED TO THE NIOBRARA FORMATION IN SECTION 22, TOWNSHIP 3 NORTH, RANGE 63 WEST, 6TH P.M., WELD COUNTY, COLORADO; AND FURTHER AUTHORIZING MARATHON OIL COMPANY TO PENETRATE AND PRODUCE FROM MINERAL INTERESTS EXCLUSIVELY OWNED BY NON-CONSENTING PARTIES WITHIN THE ESTABLISHED 640 ACRE DRILLING AND SPACING UNIT	CAUSE NO: 407 ORDER NO: DOCKET NO:
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VERIFIED APPLICATION

COMES NOW the Applicant, Marathon Oil Company, by and through its attorneys, Poulson, Odell & Peterson, LLC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an Order pooling all non-consenting interests in an established 640 acre drilling and spacing unit for wells drilled to the Niobrara Formation in Section 22, Township 3 North, Range 63 West, 6th P.M., Weld County, Colorado; and further authorizing Marathon Oil Company to penetrate and produce from mineral interests exclusively owned by non-consenting parties within the established 640 acre drilling and spacing unit. In support thereof, Applicant states as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. The Applicant desires to force pool all non-consenting owners of net revenue interests in the Niobrara Formation in the following described lands located in Weld County, Colorado:

Township 3 North, Range 63 West, 6th P.M.
Section 22: All

Weld County, Colorado

(the "Application Lands").

3. That Applicant owns all of the leasehold interests in all of the Application Lands except for the E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of the Application Lands. Chesapeake

Exploration, L.L.C. owns 100% of the leasehold interest in the E½SW¼, W½SE¼ of the Application Lands. A reference map is attached as Exhibit "B".

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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to, among other things, allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The Application Lands are subject to this Rule.

5. By Order No. 535-44 entered by this Commission on June 30, 2011, effective as of June 27, 2011, this Commission established a 640 acre drilling and spacing unit for the drilling of one horizontal well to the Niobrara Formation for the production of oil and gas, and associated hydrocarbons, from the Application Lands. The Order further provided that the treated interval of the wellbore was to be no closer than 600 feet from the unit boundaries without exception being granted by the Director.

6. By Order No. 407-560 (Corrected) entered by this Commission on February 14, 2012, effective as of June 27, 2011, this Commission corrected Order No. 535-44 to provide for 460' downhole setbacks in accordance with Rule 318A. instead of 600' downhole setbacks, to reaffirm that surface locations for authorized wells shall be consistent with Rule 318A., and to re-designate Order No. 535-44 as Order No. 407-560 (Corrected).

7. Applicant has so far been unable to obtain 100% consent to voluntary pooling by all net revenue interests owners in the Application Lands. As a result, it is necessary and proper for Applicant to request that the interests of those net revenue interest owners which have not agreed to such voluntary pooling be involuntarily pooled pursuant to C.R.S. § 34-60-116 of the Colorado Oil and Gas Conservation Act.

8. That with respect to those net revenue interest owners which would participate in production from the anticipated well or wells, Applicant has made, will make, and/or continues to make reasonable attempts pursuant to Commission Rule 530.b. to enter into leases with such parties or to obtain their participation in the proposed well or wells, but has so far been unsuccessful in such attempts. As of the date hereof, those owners either elected not to participate in such drilling and completion, or to lease their interests, or have not responded to the correspondence from Applicant making such offers.

9. That in order to prevent waste, protect correlative rights and in the best interests of conservation, all mineral interests or working interests owned by those owners should be pooled in accordance with C.R.S. § 34-60-116 and Commission Rule 530, as to all wells drilled or to be drilled to the Niobrara Formation in the Application Lands.

10. Applicant further requests that the force pooling order expressly authorize Applicant to drill its horizontal well or wells such that they penetrate, and produce from, Chesapeake Exploration, L.L.C.'s 100% non-consenting working interest in the Niobrara Formation in the E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ of the Application Lands, said lands being located within the Commission approved 640 acre drilling and spacing unit. Such an order is just and reasonable, best prevents waste, and protects correlative rights while promoting the interests of conservation.

11. Pursuant to Rule 503(d) of this Commission, within seven (7) days of the filing of this Application, the Applicant shall submit a Certificate of Service to the Commission demonstrating that the Applicant served a copy of the Application on all persons entitled to Notice by mailing a copy thereof, first-class postage prepaid, to the last known mailing address of the interested parties. Applicant shall simultaneously submit said list of interested parties to the Commission via electronic media.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in April, 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: February 16, 2012.

MARATHON OIL COMPANY

By: _____

Scott M. Campbell
Jeremy I. Ferrin
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone: (303) 861-4400
Facsimile: (303) 861-1225

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF _____)

Collin Hoover, of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman for Marathon Oil Company, 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.

MARATHON OIL COMPANY

By: _____
Collin Hoover

Subscribed and sworn to before me this _____ day of February, 2012.

Witness my hand and official seal.

My commission expires: _____.

Notary Public

**EXHIBIT A
INTERESTED PARTIES**

Scott M. Campbell
POULSON ODELL &
PETERSON LLC
1775 Sherman, Suite 1400
Denver, CO 80203-4319

David Bauer
Weld County LGD
1111 H Street
Greeley, CO 80632

Colorado Division of
Wildlife
6060 Broadway
Denver, CO 80216

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

Marathon Oil Company
Attn: Collin Hoover
5555 San Felipe Street
P.O. Box 4813
Houston, TX 77056

Chesapeake Energy
6100 N Western Ave.
Oklahoma City, OK 73118

Marubeni Denver Julesburg
LLC
2800 Post Oak Blvd., Ste
6000
Houston, TX 77056

Hobe Minerals Limited
Liability Company
7475 Highland Drive
Lakewood, CO 80214

State of Colorado
1127 Sherman Street, Suite
300
Denver, CO 80214

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

Collin Hoover, of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman for Marathon Oil Company, 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.

MARATHON OIL COMPANY

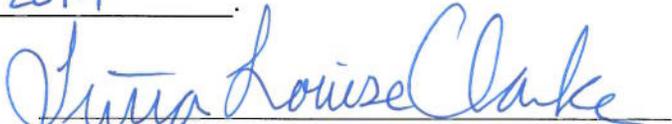
By: 
Collin Hoover

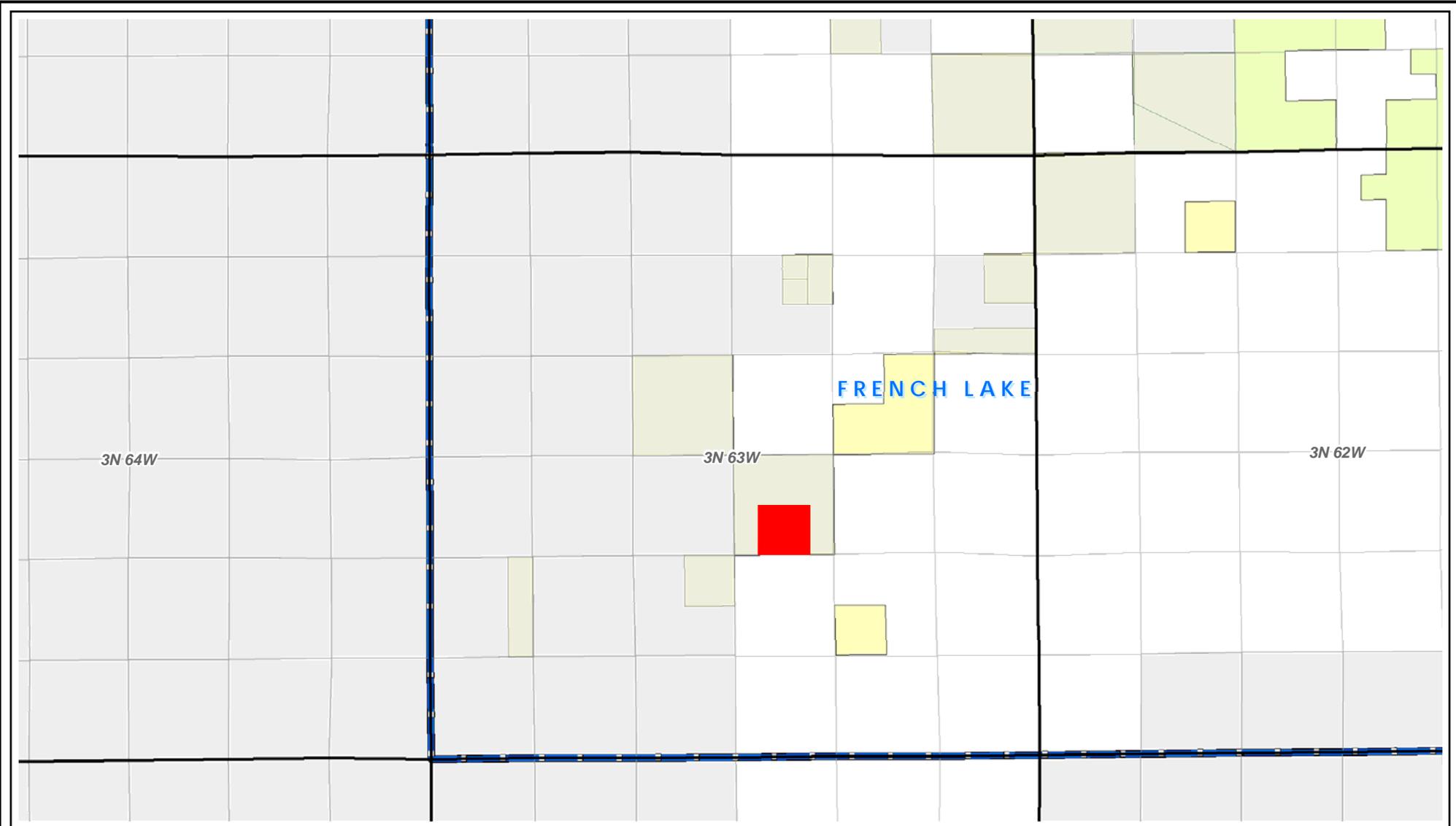
Subscribed and sworn to before me this 16th day of February, 2012.

Witness my hand and official seal.

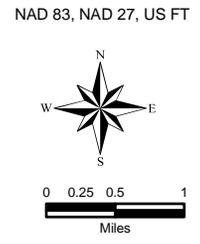
My commission expires: 5-10-2014.




Notary Public



- Legend**
- Chesapeake Lease
 - Marathon Lease
 - Existing Spacing Orders




MarathonOil
CO&G Commission
Application for
Drill Spacing - Niobrara
 Weld County, CO
 DSU_Application_Apr_2012_rev.mxd 2/16/2012