

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 510
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS IN THE GRAND VALLEY FIELD,)	DOCKET NO. <i>To be assigned</i>
GARFIELD COUNTY, COLORADO)	

APPLICATION

WPX Energy Rocky Mountain, LLC (“WPX” or “Applicant”), by and through its attorneys, Burleson LLP, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order: (1) establishing an approximate 2,605.97-acre exploratory drilling unit consisting of Sections 22, 23, 26, and 27, Township 7 South, Range 96 West, 6th P.M. for horizontal and vertical well development, for the production of oil, gas and associated hydrocarbons from the Mancos, Niobrara, Frontier, Mowry, and Dakota Formations (the “Deep Formations”); and (2) pooling all interests in the said exploratory drilling unit, for the development and operation of the Deep Formations. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 7 South, Range 96 West, 6th P.M.

Section 22: All
Section 23: All
Section 26: All
Section 27: All

The above-description contains approximately 2,605.97 acres, more or less. These lands are hereinafter referred to as the “Application Lands”; a map of the proposed exploratory drilling unit is attached hereto as Exhibit A and incorporated herein by reference.

Establishment of the Exploratory Drilling Unit

3. The geologic strata (the “Deep Formations”) subject to this request for unitization as an exploratory drilling unit are described below:

The interval below the stratigraphic equivalent of the base of the Iles Formation, as found at a depth of 5,712 feet in the Laramie Energy II Reppo #34-14A Well, located in the SW¼ SE¼ of Section 34, Township 7 South, Range 96 West, 6th P.M., and extending down to the base of the Dakota Formation, as found at a depth of 10,157 feet.

4. The Application Lands are unspaced with respect to the Deep Formations, which are common sources of supply underlying said lands and, as such, Rule 318.a. applies to said lands and under said rule, wells greater than 2,500 feet in depth shall be located not less than {00161225.1}

600 feet from any lease line, and shall not be located less than 1,200 feet from any other producible or drilling well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

5. Applicant requests the Commission establish the Application Lands as an approximate 2,605.97-acre exploratory drilling unit for the Deep Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed exploratory drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the wells proposed to be drilled and completed in the Deep Formations.

6. Applicant requests it be authorized to drill and complete one or more horizontal wells in the approximate 2,605.97-acre exploratory drilling unit for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Deep Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

7. In addition to the proposed horizontal wells, Applicant requests it be authorized to drill and complete one or more new vertical or directional wells in the approximate 2,605.97-acre exploratory drilling unit for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Deep Formations, as necessary and for those same reasons set forth in Paragraph 6.

8. Applicant states that wells to be drilled under this Application, whether horizontal, vertical or directional, shall be drilled from a new, common or existing well pad, with no more than four well pads per quarter section, without exception being granted by the Director.

9. Applicant states that for wells to be drilled under this Application, the bottomhole location or, in the case of horizontal wells, the treated intervals of the wellbore, shall be not less than 600 feet from the outer boundary of the proposed exploratory drilling unit and not less than 600 feet from any other well or treated interval of a well producing from the Deep Formations, without exception being granted by the Director.

Pooling of Interests in the Proposed Exploratory Drilling Unit

10. Acting pursuant to the relevant provisions of §34-60-116(6) & (7), C.R.S., and Rule 530., Applicant seeks an order pooling all interests in the Application Lands, for the development and operation of the Deep Formations.

11. Applicant plans to drill the initial well into the Application Lands from the existing SG 14-23 well pad located in the SW¹/₄ SW¹/₄ of Section 23, Township 7 South, Range 96 West, 6th P.M.

12. Applicant requests the pooling order entered as a result of this Application be made effective as of the date of this Application, or the date that the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of a well within the exploratory drilling unit proposed for the Application Lands, whichever is earlier.

13. Applicant hereby certifies that, at least thirty (30) days prior to the Commission hearing on this matter, each interest owner, not already leased or voluntarily pooled, was, or will be, offered the opportunity to lease, or participate in the drilling of the well and will be provided with the information required by Rule 530.

14. Applicant requests 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, be hereby pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof.

* * *

15. The granting of this application is in accord with the Oil and Gas Conservation Act, found at §34-60-101, *et seq.*, C.R.S., and the Commission rules.

16. That the names and addresses of the interested parties (for the request to establish the exploratory drilling unit, owners within the proposed drilling unit, and for the request to pool all interests within the drilling unit, those persons who own any interest in the mineral estate of the tracts to be pooled) according to the information and belief of the Applicant are set forth in Exhibit B attached hereto. The Applicant shall submit a certificate of service for the Application within the seven days as required by Rule 503.e.

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

A. Establishing an approximate 2,605.97-acre exploratory drilling unit for Sections 22, 23, 26, and 27, Township 7 South, Range 96 West, 6th P.M. for horizontal and vertical well development, for the production of oil, gas and associated hydrocarbons from the Mancos, Niobrara, Frontier, Mowry, and Dakota Formations.

B. Pooling all interests in the Application Lands, for the development and operation of the Deep Formations, effective as of the date of the Application, or the date that the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of a well within the exploratory drilling unit proposed for the Application Lands, whichever is earlier.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

Dated this _____ day of February, 2012.

Respectfully submitted,

WPX ENERGY ROCKY MOUNTAIN, LLC

By: _____

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Katharine E. Fisher (Colorado Bar No. 39230)
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Wells Fargo Center
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(303) 801-3200

Applicant's Address:

1001 17th Street, Suite 1200
Denver, CO 80202

VERIFICATION

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

Christopher M. Walsh, Senior Staff Landman for WPX Energy Rocky Mountain, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

WPX ENERGY ROCKY MOUNTAIN, LLC

Christopher M. Walsh, Senior Staff Landman

Subscribed and sworn to before me this _____ day of February, 2012, by Christopher M. Walsh, Senior Staff Landman for WPX Energy Rocky Mountain, LLC.

Witness my hand and official seal.

My commission expires: _____

Notary Public

EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in this Exhibit B.

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Silt, CO 81652

Bureau of Land Management
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ABO Petroleum Corporation
Attention: Ms. Kathy Porter
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MYCO Industries, Inc.
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OXY Y-1
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Dennis A. Piepho and Edra L. Piepho, Trustees
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Margo L. Johnson Revocable Trust dated
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Parachute, CO 81635

Thomas J. Tolmich
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United States of America
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Wilbur E. Giem
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Canon City, CO 81212

Stephen B. Evans
P. O. Box 3190
Centennial, CO 80161-3190

Stephen Swayze, Sole Trustee under
Declaration
of Trust dated 2/01/1970, establishing a trust
of contributions under the Kilgore & Kilgore
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William F. Vigil, Trustee
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Lakewood, CO 80228-0969

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

IN THE MATTER OF THE PROMULGATION)	CAUSE NO. 510
AND ESTABLISHMENT OF FIELD RULES)	
TO GOVERN OPERATIONS IN THE GRAND)	DOCKET NO. <i>To be assigned</i>
VALLEY FIELD, GARFIELD COUNTY,)	
COLORADO		

AFFIDAVIT OF MAILING

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

Bailey B. Blumenreich, of lawful age, and being first duly sworn upon her oath, states and declares that 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 on February 16, 2012.

Bailey B. Blumenreich

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public