

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)
FOUR (4) WELLBORE SPACING UNITS FOR)
THE CODELL AND/OR NIOBRARA)
FORMATIONS LOCATED IN SECTIONS 26)
AND 35, TOWNSHIP 3 NORTH, RANGE 66)
WEST, 6TH P.M, 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 for the drilling of four (4) horizontal wells to produce oil, gas, and associated hydrocarbons from the Codell and/or Niobrara Formations, as applicable, located in Sections 26 and 35, Township 3 North, Range 66 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; is duly authorized to conduct business in the State of Colorado; and is a registered operator in good standing with the Commission.

2. Applicant owns certain leasehold interests in the following lands requested for pooling:

Township 3 North, Range 66 West

Section 26: SW $\frac{1}{4}$ SW $\frac{1}{4}$ (Brown 13N-26HZ – 200 acres, or "WSU #1")

Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

Township 3 North, Range 66 West

Section 26: SW $\frac{1}{4}$ SW $\frac{1}{4}$ (Brown 13C-26HZ – 200 acres, or "WSU #2")

Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

Township 3 North, Range 66 West

Section 26: S $\frac{1}{2}$ SW $\frac{1}{4}$ (Brown 35N-26HZ – 400 acres, or "WSU #3")

Section 35: W $\frac{1}{2}$

Township 3 North, Range 66 West

Section 26: SE $\frac{1}{4}$ SW $\frac{1}{4}$ (Brown 14N-26HZ – 200 acres, or "WSU #4")

Section 35: E $\frac{1}{2}$ W $\frac{1}{2}$

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.

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. On August 8, 2011, the Commission amended Rule 318A to allow for the drilling of horizontal wells within the GWA area and the designation of horizontal well wellbore spacing units pursuant to Rule 318A(4).D. The amended Rule 318A was effective on September 30, 2011. The Application Lands and the designated wellbore spacing units are subject to this Rule for the Niobrara and/or Codell Formations.

6. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) seeks an order pooling all interests for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 13N-26HZ horizontal well located within WSU #1. A Well Location Certificate for the Brown 13N-26HZ Well is attached hereto. Applicant is a 100% leasehold owner in the Niobrara Formation in WSU #1. Said order to apply to the currently-allowed well and any subsequent well drilled in said unit.

7. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) seeks an order pooling all interests for the development of the Codell Formation, including any nonconsenting interests therein, for the Brown 13C-26HZ horizontal well located within WSU #2. A Well Location Certificate for the Brown 13C-26HZ Well is attached hereto. Applicant is a 100% leasehold owner in the Codell Formation in WSU #2. Said order to apply to the currently-allowed well and any subsequent well drilled in said unit.

8. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) seeks an order pooling all interests for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 35N-26HZ horizontal well located within WSU #3. A Well Location Certificate for the Brown 35N-26HZ is attached hereto. Applicant is a 100% leasehold owner in the Niobrara Formation in WSU #3. Said order to apply to the currently-allowed well and any subsequent well drilled in said unit.

9. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) seeks an order pooling all interests for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 14N-26HZ horizontal well located within WSU #4. A Well Location Certificate for the Brown 14N-26HZ is attached hereto. Applicant is a 100% leasehold owner in the Niobrara Formation in WSU #4. Said order to apply to the currently-allowed well and any subsequent well drilled in said unit.

10. 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 the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of each respective horizontal well, as described in

Paragraphs 6-9, in the applicable wellbore spacing unit and to the applicable formation for the Application Lands.

11. 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). The list of such interested parties is attached hereto as Exhibit A.

12. 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 Codell and/or Niobrara Formations, as applicable, 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 for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 13N-26HZ Well in WSU #1, and all subsequent wells drilled to said formation.

B. Pooling all interests for the development of the Codell Formation, including any nonconsenting interests therein, for the Brown 13C-26HZ Well in WSU #2, and all subsequent wells drilled to said formation.

C. Pooling all interests for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 35N-26HZ Well in WSU #3, and all subsequent wells drilled to said formation.

D. Pooling all interests for the development of the Niobrara Formation, including any nonconsenting interests therein, for the Brown 14N-26HZ Well in WSU #4, and all subsequent wells drilled to said formation.

E. Providing that the Commission's pooling order be made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7) are first incurred for the drilling of each respective horizontal well, as described in Paragraphs 6-9, to the applicable wellbore spacing unit and applicable formation for the Application Lands.

F. 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 horizontal well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), with respect to all horizontal wells drilled to develop the Codell and/or Niobrara Formations in the applicable wellbore spacing unit on the Application Lands.

G. 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 April, 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 this ___ day of February, 2012.

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: Dave Sullivan
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Dave Sullivan, of lawful age, being first duly sworn upon oath, deposes and says that he is a Senior Landman for Kerr-McGee Oil & Gas Onshore LP 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.

Dave Sullivan, Senior Landman

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

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Kerr-McGee Oil & Gas Onshore LP
1099 18th Street, Suite 1800
Denver, CO 80202

Anadarko Land Corp.
1099 18th Street, Suite 1800
Denver, CO 80202

Anadarko E & P Company
1099 18th Street, Suite 1800
Denver, CO 80202

John V. Shields, Jr., and Jayne E.
Shields, joint tenants
913 3rd St.
Eaton, CO 80615

Hugh E. Shields
18980 County Road 87
Orchard, CO 80649

Eirene M. Max Family Trust
1009 Grant Street Suite 150
Denver, CO 80203

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AFFIDAVIT OF MAILING

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

Jamie L. Jost 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 February ____, 2012, 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.

Jamie L. Jost

Subscribed and sworn to before me February ____ 2012.

Witness my hand and official seal.

My commission expires: _____.

Notary Public