

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, NIOBRARA AND J SAND)
FORMATIONS IN A DESIGNATED)
WELLBORE SPACING UNIT LOCATED IN)
THE WATTENBERG FIELD, WELD COUNTY)
AND ADAMS 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, Niobrara, and J Sand Formations located in the following described lands for the Northglenn State 36-36 Well:

Township 1 North, Range 68 West, 6th P.M.

Section 36: SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

Weld County, Colorado, and

Township 1 South, Range 68 West, 6th P.M.

Section 1: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

Adams County, Colorado (together "the Application Lands").

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 interests in the Application Lands.

3. On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J Sand Formation underlying certain lands, including the Application Lands, and allowed up to two (2) wells to be drilled within each 320-acre drilling and spacing unit.

4. On September 16, 1991, the Commission issued Order No. 467-8, 407-75 which, among other things, established 160-acre drilling and spacing units for the production of the J Sand Formation underlying certain lands, including a portion of lands included within the wellbore spacing unit sought to be established by this Application.

5. 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.

6. On June 27, 2011, the Commission issued Order No. 407-434, which among other things, approved a variance from Rule 318A.f. to authorize a total of up to nine producing completions for a portion of the Application Lands, for the production of oil, gas and associated hydrocarbons from the Codell, Niobrara, or J Sand Formations.

7. On June 27, 2011, the Commission issued Order No. 407-435, which among other things, approved a variance from Rule 318A.f. to authorize a total of up to ten producing completions for a portion of the Application Lands, for the production of gas and associated hydrocarbons from the Codell, Niobrara and J Sand Formations.

8. On June 27, 2011, the Commission issued Order No. 407-436, which among other things, approved a variance from Rule 318A.f. to authorize a total of up to twelve producing completions for a portion of the Application Lands, for the production of gas and associated hydrocarbons from the Codell, Niobrara and J Sand Formations.

9. 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 Codell, Niobrara and J Sand Formations.

10. Applicant designated a 160-acre wellbore spacing unit upon the Application Lands for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara, and J Sand Formations pursuant to Rule 318A.e. and notified all owners in the

proposed wellbore spacing unit pursuant to Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed wellbore spacing unit within the 30-day response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

11. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests, including, but not limited to, any nonconsenting interests, in the Application Lands and wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, said order to apply to the currently-allowed well and any subsequent well drilled in the unit.

12. 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 the well to the Codell, Niobrara, and/or J Sand Formations on the Application Lands.

13. 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 already 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.

14. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and the designated 160-acre wellbore spacing unit should be pooled for the orderly development of the Codell, Niobrara, and J Sand Formations, 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 and wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, including the currently-allowed well and all subsequent wells.

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 the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of a well to the Codell, Niobrara, and/or J Sand 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 with respect to all wells drilled to

develop the Codell, Niobrara, and J Sand Formations in the wellbore spacing unit comprised of the Application Lands.

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 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

Address of Applicant
Kerr-McGee Oil & Gas Onshore LP
ATTN: Matthew Miller
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Matthew T. Miller, of lawful age, being first duly sworn upon oath, deposes and says that he is Agent and Attorney in Fact 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.

Matthew T. Miller
Kerr-McGee Oil & Gas Onshore LP

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

STATE OF COLORADO
1127 SHERMAN STREET, SUITE 300
DENVER, CO 80203

MARGARET M. STERKEL, AS TRUSTEE OF THE REUBEN AND MARAGET
STERKEL LIVING TRUST DATED FEBRUARY 27, 1995
16730 STEELE ST
BRIGHTON CO 80602

MARCELLA TROSTEL
3680 E 168TH AVE
BRIGHTON CO 80602

CAROL L. BLISS
3200 E 168TH AVE
BRIGHTON CO 80602

PATRICK J. TROSTEL
3400 E 168TH AVE
BRIGHTON CO 80602

MARGARET M. STERKEL
16730 STEELE ST
BRIGHTON CO 80602

TIMOTHY A. STERKEL
16740 STEELE ST
BRIGHTON CO 80602

KERR-MCGEE OIL & GAS ONSHORE LP
ATTN: Matthew Miller
PO BOX 173779
DENVER CO 80217-3779

MERIT PARTNERS, LP
MERIT ENERGY PARTNERS III, LP
13727 NOEL RD STE 500
DALLAS TX 75240
ATTN: KEVIN DICKERSON, LAND MANAGER

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR)
AN ORDER POOLING ALL INTERESTS IN)
THE CODELL, NIOBRARA AND J-SAND)
FORMATIONS IN A DESIGNATED)
WELLBORE SPACING UNIT LOCATED IN)
THE WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Docket No. _____

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

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.

Notary Public