

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 AMENDING WELL DENSITIES FOR THE DRILLING OF WELLS IN THE NIOBRARA FORMATION, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 3 NORTH, RANGE 62 WEST, SECTION 6; TOWNSHIP 3 NORTH, RANGE 63 WEST, SECTION 16; TOWNSHIP 4 NORTH, RANGE 63 WEST, SECTION 36, 6TH P.M., IN WELD COUNTY, COLORADO

CAUSE NO:
ORDER NO:
DOCKET NO:

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 amending well densities established by Commission Order No. 407-560 applicable to the drilling and production of gas and associated hydrocarbons from the Niobrara Formation underlying certain described lands in Weld County, Colorado. 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 amend Commission Order No. 407-560 limiting well density to one horizontal well per 640 acre drilling and spacing unit drilled to the Niobrara Formation to instead permit up to four horizontal wells drilled to the Niobrara Formation in the following described lands located in Weld County, Colorado:

Township 3 North, Range 62 West, 6th P.M.
Section 6: All

Township 3 North, Range 63 West, 6th P.M.
Section 16: All

Township 4 North, Range 63 West, 6th P.M.
Section 36: All

(the "Application Lands").

3. That Applicant owns leasehold interests in all or part of those lands. A reference map is attached as Exhibit "B".

4. On April 27, 1988, 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. On September 30, 2011, Rule 318A was again amended to, among other things, more specifically address circumstances involving the drilling of horizontal well(s). The Application Lands are subject to this Rule.

5. Additionally, Commission Order No. 407-560 established multiple approximate 640-acre drilling and spacing units with one horizontal well permitted within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, in Township 3 North, Range 62 West, Section 6; Township 3 North, Range 63 West, Section 16; Township 4 North, Range 63 West, Section 36, 6th P.M.

6. As to the Application Lands, geological studies, and geological and engineering information obtained in the drilling and producing of wells located in the general area, demonstrate that up to four horizontal wells drilled to the Niobrara Formation may produce oil and associated hydrocarbons in economic volumes from the Niobrara Formation.

7. Applicant requests the Commission to amend Commission Order No. 407-560 to permit the drilling of up to four horizontal wells to the Niobrara Formation in each existing drilling and spacing unit, within the Application Lands, in order to prevent waste, protect correlative rights, and assure the greatest ultimate recovery of hydrocarbons.

8. Applicant alleges and believes that the granting of this Application will prevent waste, protect correlative rights, and assure the greatest ultimate recovery of hydrocarbons from the reservoir.

9. 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 May, 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: March 30, 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

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ss.

COUNTY OF _____

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Tricia L. Clarke, of lawful age, being first duly sworn upon oath, deposes and says that he/she is Landman for Marathon Oil Company, and that he/she has read the foregoing Application and that the matters therein contained are true to the best of his/her knowledge, information and belief.

MARATHON OIL COMPANY

By:

Tricia L. Clarke

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A
INTERESTED PARTIES

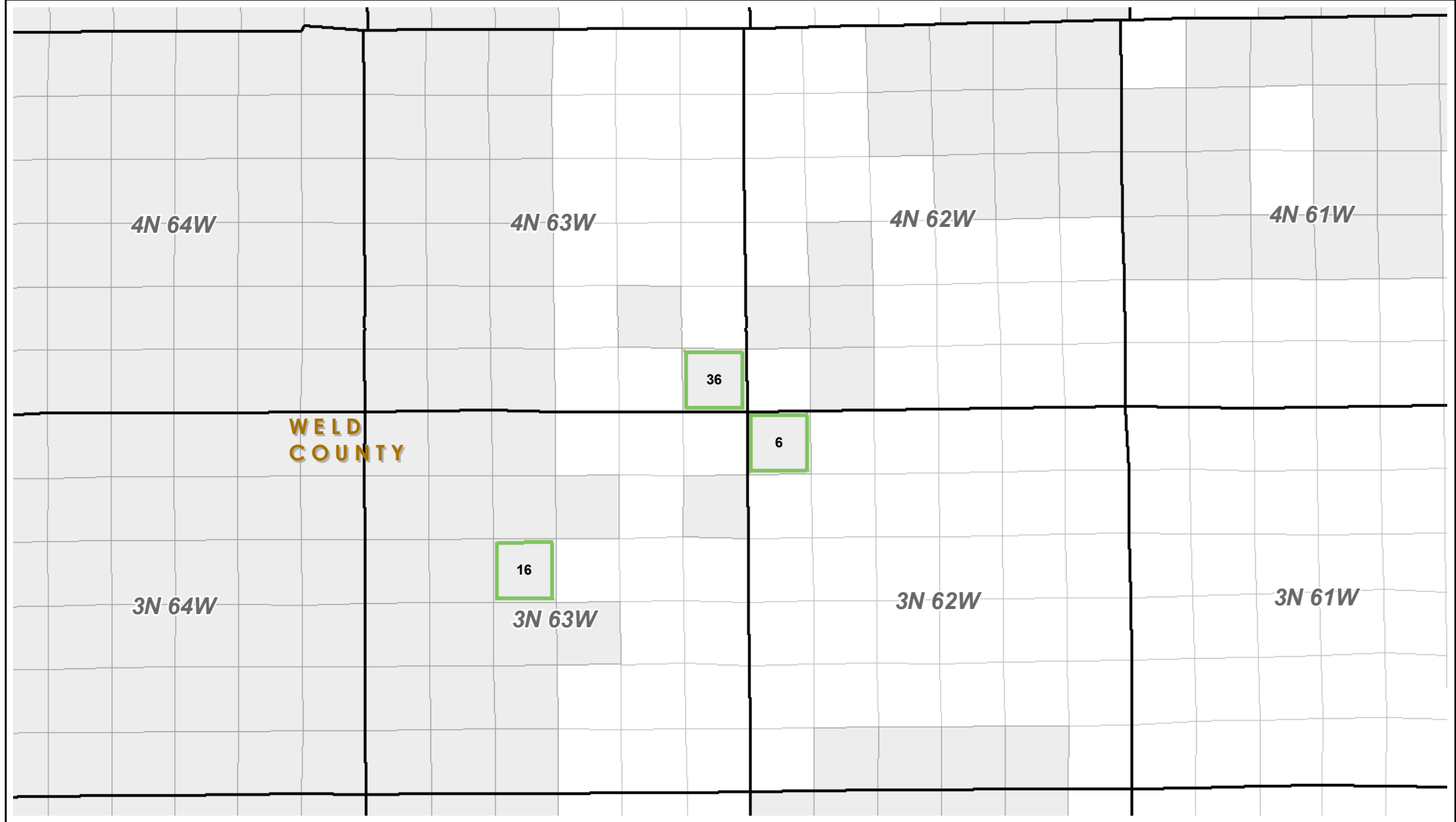
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4319

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David Bauer
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Marathon Oil
Company
Attn: Tricia L. Clarke
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P.O. Box 4813
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Colorado
Division of Wildlife
6060 Broadway
Denver, CO 80216



Legend

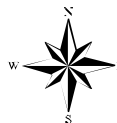
Proposed 640 Ac Spacing



Existing Spacing Orders



NAD 83, NAD 27, US FT
1:140,000



0 0.250.5 1
Miles

May, 2012 Application for
Niobrara - 4 Wells per
640 Ac Drill Spacing:

3N 62W, SECT 6
3N 63W, SECT 16
4N 63W, SECT 36


Marathon Oil

CO&G Commission
Application for
Drill Spacing - Niobrara

Weld County, CO

DSU_Application_May_2012_FL.mxd 3/29/2012