

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 ESTABLISHING DRILLING AND SPACING UNITS AND WELL LOCATION, DENSITY AND SETBACK RULES FOR THE DRILLING OF WELLS IN THE NIOBRARA FORMATION, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 10 NORTH, RANGE 68 WEST, SECTIONS 16 AND 19; TOWNSHIP 11 NORTH, RANGE 68 WEST, SECTIONS 5, 9, 15, 16, 20, 21, 22, 28, 29, AND 33, 6TH P.M., IN LARIMER 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 files this application with the Oil and Gas Conservation Commission of the State of Colorado for an Order establishing two (2) approximate 640 acre drilling and spacing units and four (4) approximate 1280 acre drilling and spacing units and establishing subsurface well location, density and setback rules applicable to the drilling and producing of gas and associated hydrocarbons from the Niobrara Formation underlying certain described lands in Larimer County, Colorado. In support thereof, Applicant states as follows:

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

2. The Applicant desires to create two (2) approximate 640 acre drilling and spacing units, and subsurface well location and setback rules, for the drilling of up to four horizontal wells to the Niobrara Formation in each such drilling and spacing unit in the following described lands located in Larimer County, Colorado:

Township 11 North, Range 68 West, 6th P.M.

Section 5: ALL

Section 33: ALL

The Applicant also desires to create four (4) approximate 1280 acre drilling and spacing units, and well location and setback rules, for the drilling of up to four horizontal wells to the Niobrara Formation in each such drilling and spacing unit in the following described lands located in Larimer County, Colorado:

Township 11 North, Range 68 West, 6th P.M.

Section 9: ALL

Section 16: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 15: ALL

Section 22: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 21: ALL

Section 28: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 20: ALL

Section 29: ALL

The Applicant also desires to amend Order No. 535-45 to permit the drilling of up to four horizontal wells to the Niobrara Formation in the following described lands located in Larimer County, Colorado:

Township 10 North, Range 68 West, 6th P.M.

Section 16: ALL

Section 19: ALL

(collectively the "Application Lands").

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

4. Order No. 535-45 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 Sections 16 and 19, Township 10 North, Range 68 West, 6th P.M.

5. The remaining Application Lands are unspaced and subject to Commission Rule 318.a. which requires that wells drilled in excess of two thousand five hundred (2,500) feet in depth be located not less than six hundred (600) feet from the lease line, and located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.

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 create two (2) approximate 640 acre drilling and spacing units and four (4) approximate 1280 acre drilling and spacing units, for the drilling of up to four horizontal wells to the Niobrara Formation in each such

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. Consistent with Commission Rule 318.a., Applicant requests the following setbacks and well location rules for the drilling of up to four horizontal wells within the Niobrara Formation within the Application Lands:

(a) That the surface location may be located anywhere on the Application Lands; and,

(b) That the treated interval of the wellbore be located no closer than six hundred (600) feet from the boundary of the drilling and spacing unit.

9. Applicant also requests the Commission to amend Order No. 535-45 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.

10. 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. Applicant further alleges and believes that the Niobrara Formation is a common source of supply underlying the Application Lands. Moreover, the proposed drilling and spacing units are no smaller than the maximum area that can be economically and efficiently drained by up to four horizontal wells in each drilling and spacing unit.

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 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)
)
COUNTY OF _____) ss.

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**

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

Robert
Helmick
Larimer County
Planning
PO Box 1190
Ft Collins, CO 80522

Colorado
Division of Wildlife
6060 Broadway
Denver, CO 80216

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

Marathon Oil
Company
Attn: Tricia L. Clarke
5555 San Felipe
Street
P.O. Box 4813
Houston, TX 77056

Chesapeake
Exploration LLC
6100 N Western
Avenue
Oklahoma City, OK
73118-1044

Jet Oil
Company
Attn: Registered
Agent
735 First National
Bldg
Oklahoma City, OK
73102

Heirs of
George H. Rainey
Attn: E. M. Rainey
6710 S. Birmingham
Tulsa, OK 74136

Emma M.
Rainey
6710 S. Birmingham
Tulsa, OK 74136

Amerada
Hess Corporation
PO Box 2040
Tulsa, OK 74102

Jet Oil
Company
700 N Pearl Street,
Suite 840
Dallas, TX 75201

Jet Oil
Company
600 Mid-Continent
Bldg
Tulsa, OK 74103

Marie Rainey
6710 S. Birmingham
Tulsa, OK 74103

LAW OFFICES

POULSON, ODELL & PETERSON, LLC

RANDALL M. CASE *
STEPHEN M. THOMPSON, LL.M. **
SCOTT M. CAMPBELL **
PAUL E. UPSONS *
ESTEE A. SANCHEZ ***
NICK A. SWARTZENDRUBER *
GREG CREER, LL.M. ****
JEREMY I. FERRIN *
JAMES P. PARROT *

SUITE 1400
1775 SHERMAN STREET
DENVER, COLORADO 80203-4319

TELEPHONE (303) 861-4400
FACSIMILE (303) 861-1225
WEBSITE www.popllc.com

ROBERT D. POULSON
1927-2001

C.M. PETERSON
1923-2001

OF COUNSEL
***** WILLIAM G. ODELL
G. DONOHUE KANE

* ALSO ADMITTED IN NORTH DAKOTA AND WYOMING
** ALSO ADMITTED IN WYOMING
*** ALSO ADMITTED IN KANSAS, NEBRASKA, NORTH DAKOTA AND WYOMING
**** ALSO ADMITTED IN IOWA, WISCONSIN AND WYOMING
***** ALSO ADMITTED IN MONTANA AND OKLAHOMA

May 9, 2012

VIA HAND DELIVERY AND EMAIL

Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

Attention: Peter Gowen, Acting Hearings Manager

Re: Withdrawal of certain lands from
Marathon Oil Company's pending
application in Docket No. 1205-SP-54.

Dear Peter:

On March 30, 2012, Marathon Oil Company applied for an Order applicable to the Niobrara Formation covering certain lands in Larimer County, Colorado. The matter was docketed as Docket No. 1205-SP-54. In order to correct a mistake in the application, Marathon hereby withdraws the following lands:

Township 11 North, Range 68 West, 6th P.M.
Section 5: ALL

With the withdrawal of the above-described lands, Marathon hereby respectfully requests an Order applicable to the following remaining lands only:

Township 11 North, Range 68 West, 6th P.M.
Section 33: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 9: ALL

Section 16: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 15: ALL

Section 22: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 21: ALL

Section 28: ALL

Township 11 North, Range 68 West, 6th P.M.

Section 20: ALL

Section 29: ALL

Township 10 North, Range 68 West, 6th P.M.

Section 16: ALL

Section 19: ALL

If you have any questions please feel free to call.

Very truly yours,

POULSON, ODELL & PETERSON, LLC



Jeremy I. Ferrin