

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 A DRILLING AND SPACING UNIT AND WELL LOCATION, DENSITY AND SETBACK RULES FOR THE DRILLING OF WELLS IN THE NIOBRARA FORMATION, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 8 NORTH, RANGE 64 WEST, SECTION 30; TOWNSHIP 9 NORTH, RANGE 65 WEST, SECTION 34, 6TH P.M., IN WELD COUNTY, COLORADO	CAUSE NO: ORDER NO: DOCKET NO:
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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 establishing one (1) approximate 640 acre drilling and spacing unit 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 in Weld 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 one (1) approximate 640 acre drilling and spacing unit, 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 Weld County, Colorado:

Township 9 North, Range 65 West, 6th P.M.
Section 34: ALL

The Applicant also desires to amend Order No. 535-46 to permit the drilling of up to four horizontal wells to the Niobrara Formation in the following described lands located in Weld County, Colorado:

Township 8 North, Range 64 West, 6th P.M.
Section 30: ALL

(collectively 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. Order No. 535-46 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 Section 30, Township 8 North, Range 64 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 one (1) approximate 640 acre drilling and spacing unit, 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. 535-46 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 unit is 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 mail.

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: _____

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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**

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