

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 AND SETBACK RULES FOR THE DRILLING OF WELLS IN THE NIOBRARA FORMATION, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 7 NORTH, RANGE 66 WEST, SECTION 4, 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 subsurface well location and setback rules applicable to the drilling and producing 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 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 units and subsurface well location and setback rules for the drilling of up to four horizontal wells to the Niobrara Formation in the following described lands located in Weld County, Colorado:

Township 7 North, Range 66 West, 6th P.M.
Section 4: 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 unspaced and subject to this Rule.

5. 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.

6. Applicant requests the Commission to create one (1) approximate 640 acre drilling and spacing unit, for the drilling of up to four horizontal wells drilled to the Niobrara Formation in each such drilling and spacing unit, within the Application Lands, with the treated interval of the wellbore for the permitted well(s) to be located no closer than 460' from the unit boundaries in accordance with Rule 318A., and surface locations for authorized well(s) consistent with Rule 318A.; in order to prevent waste, protect correlative rights, and assure the greatest ultimate recovery of hydrocarbons.

7. 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 approximate 640 acre 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.

8. 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
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Telephone: (303) 861-4400
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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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