

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF AXIA
ENERGY, LLC FOR AN ORDER ESTABLISHING A
889.21 ACRE EXPLORATORY DRILLING AND SPACING
UNIT FOR THE DRILLING OF ONE OR MORE
HORIZONTAL WELLS TO THE MANCOS AND
NIOBRARA FORMATIONS FOR CERTAIN DESCRIBED
LANDS IN SECTIONS 1 AND 12, TOWNSHIP 7 NORTH,
RANGE 91 WEST, 6TH P.M., MOFFAT COUNTY,
COLORADO

CAUSE NO. _____

DOCKET NO. _____

AMENDED APPLICATION

Axia Energy, LLC ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing an 889.21 acre exploratory drilling and spacing unit pursuant to C.R.S. § 34-60-116(2) and establishing existing well location rules applicable to the drilling and producing of horizontal wells for the production of oil, gas, and associated hydrocarbons from the Mancos and Niobrara Formations covering certain described lands in Moffat County, Colorado and in support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Applicant holds certain leasehold interests in the lands described below (hereafter the "Application Lands"):

Township 7 North, Range 91 West, 6th P.M., Moffat County, Colorado

Section 1: Lots 9-20; a/d/a S½N½, S½

Section 12: Lots 1-6, 11-14; a/d/a W½, N½NE¼

A reference map of the Application Lands is attached hereto.

3. The Application Lands are subject to Commission Rule 318.a. which provides that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be 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 source of supply, unless authorized by order of the Commission upon hearing. There are no specific Commission Orders applicable to the Mancos and Niobrara Formations underlying the Application Lands.

4. The Mancos and Niobrara Formations in this area are defined as the stratigraphic equivalent of the interval between 7,195' and 10,974' as found in the Peroulis Federal 3-24 Well located in the NE¼NE¼SW¼ of Section 3, Township 7

North, Range 92 West, 6th P.M., Moffat County, Colorado. The Mancos and Niobrara Formations are a common source of supply underlying the Application Lands.

5. To promote efficient drainage within the Mancos and Niobrara Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an exploratory drilling and spacing unit of approximately 889.21 acres for the Application Lands.

6. No wells have been drilled and completed to the Mancos and Niobrara Formations on the Application Lands, or on lands in close proximity to the Application Lands.

7. That the above-proposed exploratory drilling and spacing unit will allow efficient drainage of the Mancos and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. Drilling and spacing units of the size and shape specified above are not smaller than the maximum area that can be economically and efficiently drained by the proposed well in each such drilling and spacing unit.

8. That the Applicant is requesting to drill and complete one or more horizontal wells in the proposed 889.21 acre exploratory drilling and spacing unit comprised of the Application Lands. The Applicant states that each proposed horizontal well shall be located on the surface anywhere within the exploratory drilling and spacing unit, or on adjacent lands, with the treated interval of any horizontal well to be no closer than 600' from the boundaries of the 889.21 exploratory drilling and spacing unit. The Applicant further maintains that the proposed horizontal wells will have no adverse effect on correlative rights of adjacent owners.

9. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, 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 this 30th day of April, 2012.

Respectfully submitted,

AXIA ENERGY, LLC

By: Jamie L. Jost

Jamie L. Jost

Dante E. Tomassoni

Beatty & Wozniak, P.C.

Attorneys for Applicant

216 16th Street, Suite 1100

Denver, Colorado 80202

Applicant's Address:

Axia Energy LLC

ATTN: Tab McGinley

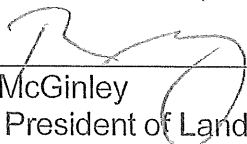
1430 Larimer Street, Suite 400

Denver, Colorado 80202

VERIFICATION

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

Tab McGinley, Vice President of Land, of Axia Energy, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information, and belief.




Tab McGinley
Vice President of Land

Subscribed and sworn to before this 30th day of April, 2012.

Witness my hand and official seal.

My commission expires:



Notary Public

[SEAL] **Cindy J. Turner**
 Notary Public
 State of Colorado
My Commission Expires 06/04/2013

**EXHIBIT A
INTERESTED PARTIES**

Axia Energy, LLC
Attn: Tab McGinley
1430 Larimer Street, Suite 400
Denver, CO 80202

Richard M. Padon
4934 Arapaho Trail
Billings, MT 59106

OXY USA Inc.
Attn: Kent Woolley
5 Greenway Plaza, Suite 110
Houston, Texas 77046

Tracy H. Winder
P.O. Box 27
Craig, CO 81626

Quicksilver Resources, Inc.
Attention: Scott Herstein
801 Cherry Street, Ste. 3700
Fort Worth, Texas 76102

Nottingham Land and Livestock
P.O. Box 969
Craig, CO 81625

Next Energy, LLC
Attention: Jack Overstreet
4600 South Ulster Street, Suite 1225
Denver, CO 80237

Kent Kuster
Colorado Department Of
Public Health & Environment
4300 Cherry Creek Drive South
Denver, Co 80246-1530

SWEPI LP
Attention: Jane Harris
P.O. Box 576
Houston, TX 77001

Celia Greenman
Colorado Division of Wildlife
6060 Broadway
Denver, Co 80216

Petro-Hunt LLC
Attention: Jeff Herman
400 E. Broadway Ave., Suite 414
Bismarck, ND 5850

Jeff Comstock
Moffat County
221 W Victor Way, Suite 130
Craig, Co 81625



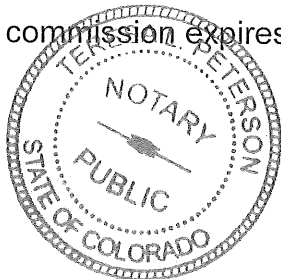
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DOCKET NO. _____

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

That she is the attorney for Axia Energy, LLC, that on or before April 2, 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.

My commission expires: 10-04-13



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