

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

IN THE MATTER OF THE APPLICATION OF AXIA)
ENERGY, LLC FOR AN ORDER POOLING ALL)
INTERESTS IN THE MANCOS AND NIOBRARA)
FORMATIONS IN A 970.06 ACRE EXPLORATORY)
DRILLING AND SPACING UNIT LOCATED IN)
MOFFAT COUNTY, COLORADO.)

Cause No. _____

Docket No. _____

APPLICATION

COMES NOW AXIA ENERGY, LLC (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all interests within a 970.06 acre exploratory drilling and spacing unit for the drilling of the initial well, the Bulldog 5-43H-789 well ("Well"), to produce from the Mancos and Niobrara Formations located on the following lands:

Township 7 North, Range 89 West, 6th P.M.

Section 5: Lots 13, 14, 19, 20; a/d/a SE $\frac{1}{4}$

Section 8: Lots 1-16; a/d/a ALL

Section 17: Lots 1-4; a/d/a N $\frac{1}{2}$ N $\frac{1}{2}$

Moffat County, Colorado (the "Application Lands").

In support thereof, the Applicant states and alleges as follows:

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, and is a registered operator in good standing with the Commission.

2. Applicant owns leasehold interests in a substantial portion of the Application Lands.

3. Currently, 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. The Application Lands, however, are subject to a 970.06 exploratory drilling and spacing unit application filed by Applicant concurrently with this Application.

4. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests, including, but not limited to, any nonconsenting interests, in the Application Lands consisting of the 970.06 acre drilling and spacing unit for the development of the Mancos and Niobrara Formations, said order to apply to the currently-proposed Well and any subsequent well drilled in the unit.

5. Applicant requests that the Commission's pooling order be made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of the Well to the Mancos and Niobrara Formations on the Application Lands.

6. Applicant certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 507.b(2), and that at least thirty (30) days prior to the hearing on this matter, each such interest owner not already leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the well, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

7. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and the 970.06 acre exploratory drilling and spacing unit for the Mancos and Niobrara Formations should be pooled for the orderly development of the formation, including any nonconsenting interests therein.

WHEREFORE, Applicant requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Pooling all interests in the Application Lands and 970.06 acre exploratory drilling and spacing unit for the development of the Mancos and Niobrara Formations, including the currently-proposed Well and all subsequent wells.

B. Providing that the Commission's pooling order is made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of the Well to the Mancos and Niobrara Formations on the Application Lands.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the authorized well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof with respect to all wells drilled to develop the Mancos and Niobrara Formations in the 970.06 acre drilling and spacing unit comprising the Application Lands.

D. For such other findings and orders as the Commission may deem proper or advisable in this matter.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in May, 2012, notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

Dated: March ____, 2012

Respectfully submitted,

AXIA ENERGY, LLC

By: _____

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 ____ day of March, 2012.

Witness my hand and official seal.

My commission expires:

Notary Public

[SEAL]

EXHIBIT A
INTERESTED PARTIES

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

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

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

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

SWEPI LP
Attention: Jane Harris
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Emmett, ID 83617

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Albuquerque, NM 87110

ACEE BCEE, A Wyoming Corp.
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Mariane Brosious Revocable Trust
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County of Moffat
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Grand Junction, CO 81504

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McCulliss Oil and Gas, Inc.
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Littleton, CO 80161

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Blairsville, GA 30512

William L. Davenport
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Ducktown, TN 37326

Elkhead Ranch, LLC
4791 County Road 29
Craig, CO 81625

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AFFIDAVIT OF MAILING

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

Jamie L. Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

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

Jamie L. Jost

Subscribed and sworn to before me March __, 2012.

Witness my hand and official seal.

My commission expires: _____.

Notary Public