

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

IN THE MATTER OF THE APPLICATION OF UNIOIL, A
WHOLLY OWNED SUBSIDIARY OF PETROLEUM
DEVELOPMENT CORPORATION FOR AN ORDER
POOLING ALL INTERESTS IN THE CODELL AND
NIOBRARA FORMATIONS IN DESIGNATED DRILLING
AND SPACING UNIT IN WELD COUNTY, COLORADO

CAUSE NO.

DOCKET NO.

APPLICATION

COMES NOW Unioil, a wholly owned subsidiary of Petroleum Development Corporation d/b/a PDC Energy ("Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order pooling all interests for the development of the Codell and Niobrara Formations on the following described two (2) 80-acre wellbore spacing units and one (1) 160-acre wellbore spacing unit for the Walters 24-21D U well, Walters 23-21D U well, and the Walters 21OD U well, respectively (collectively, the "Wells"):

Township 4 North, Range 67 West, 6th P.M.

Section 21: E $\frac{1}{2}$ SW $\frac{1}{4}$ (Walters 24-21D U) – Wellbore Spacing Unit #1

Section 21: E $\frac{1}{2}$ SW $\frac{1}{4}$ (Walters 23-21D U) – Wellbore Spacing Unit #2

Section 21: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ (Walters 21OD U) –
Wellbore Spacing Unit #3

Weld County, Colorado

(hereinafter "Application Lands")

In support of its application, Applicant states and alleges as follows:

1. Applicant is a corporation 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. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1.
4. On April 27, 1998, 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 of the Cretaceous Age Formation from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. The Application Lands are subject to Rule 318A for the Codell and Niobrara Formations.

5. Applicant designated two (2) 80-acre Wellbore Spacing Units and one (1) 160-acre Wellbore Spacing Unit, as defined below, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations pursuant to Rule 318A. and notified the appropriate parties under Rule 318A.

6. Applicant, pursuant to Commission Rule 530 and pursuant to the provisions of C.R.S. §34-60-116 (6) and (7), seeks an order to pool all interests, including but not limited to, any nonconsenting interests, in the Application Lands in the Codell and Niobrara Formations underlying the following two (2) 80-acre Wellbore Spacing Units and one (1) 160-acre wellbore spacing unit:

Township 4 North, Range 67 West, 6th P.M.

Section 21: E $\frac{1}{2}$ SW $\frac{1}{4}$ (Walters 24-21D U) – Wellbore Spacing Unit #1

Section 21: E $\frac{1}{2}$ SW $\frac{1}{4}$ (Walters 23-21D U) – Wellbore Spacing Unit #2

Section 21: SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ (Walters 21OD U) –
Wellbore Spacing Unit #3

(referred to herein as the “Wellbore Spacing Units”).

7. 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 Wells to the Codell and Niobrara Formations on the Application Lands.

8. 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, or has already been, 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 interested parties list shall be filed with the Commission no later than seven (7) days after the filing of this application.

9. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands should be pooled for the orderly development of the Codell and Niobrara Formations, 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 Wellbore Spacing Units for the development of the Codell and Niobrara Formations, including the Wells drilled to said formations.

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 any of the costs specified in C.R.S. § 34-60-116(7)(b)(II) were first incurred for the drilling of the Wells.

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 Wells 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 Codell and Niobrara Formations in the Wellbore Spacing Units comprised of 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, that 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:

PETROLEUM DEVELOPMENT CORPORATION

By:

Jamie L. Jost
Kenneth A. Wonstolen
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Applicant's Address:

Petroleum Development Corporation
ATTN: Marie McCord
1775 Sherman Street, Suite 3000
Denver, CO 80203-4341

VERIFICATION

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

Carrie Eggleston, of lawful age, being first duly sworn upon oath, deposes and says that she is the Landman for Petroleum Development Corporation d/b/a PDC Energy and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Carrie Eggleston

Subscribed and sworn to before me this _____ day of March, 2012.

Witness my hand and official seal.

My commission expires:_____

Notary Public

EXHIBIT A

Unioil, a wholly owned subsidiary of Petroleum Development Corporation
d/b/a PDC Energy
1775 Sherman Street, Suite 3000
Denver, CO 80203-4341

West-Tex Drilling Company
P.O. Box 3739
Abilene, TX 79604

West-Tex Drilling Company
First National Bank Bldg.
400 Pine Street, Suite 700
Abilene, TX 79601

Anadarko E&P Company LLP
1099 18th Street
Denver, CO 80202

Kerr-McGee Oil and Gas Onshore, L.P.
1099 18th Street
Denver, CO 80202

K.P. Kauffman Company, Inc.
1625 Broadway, Suite 2800
Denver, CO 80202

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DOCKET NO.

AFFIDAVIT OF MAILING

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

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

That she is the attorney for Petroleum Development Corporation d/b/a PDC Energy and 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