

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 DRILLING AND SPACING UNITS AND WELL LOCATION, DENSITY AND SETBACK RULES FOR THE DRILLING OF WELLS IN THE CODELL AND NIOBRARA FORMATIONS, UNDERLYING CERTAIN LANDS LOCATED IN TOWNSHIP 10 NORTH, RANGE 68 WEST, SECTION 5 AND TOWNSHIP 11 NORTH, RANGE 68 WEST, SECTION 32, 6TH P.M., IN LARIMER 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 files this application with the Oil and Gas Conservation Commission of the State of Colorado for an Order establishing two (2) approximate 640 acre drilling and spacing units and establishing subsurface well location, density and setback rules applicable to the drilling and producing of gas and associated hydrocarbons from the Codell and Niobrara Formations underlying certain described lands in Larimer 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 two (2) 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 Codell and the Niobrara Formations in each such drilling and spacing unit in the following described lands located in Larimer County, Colorado:

Township 10 North, Range 68 West, 6th P.M.
Section 5: ALL

Township 11 North, Range 68 West, 6th P.M.
Section 32: ALL

(collectively the "Application Lands").

3. That Applicant owns leasehold interests in all or part of the Application Lands. A reference map is attached as Exhibit "B".

4. The 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.

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 Codell and Niobrara Formations may produce oil and associated hydrocarbons in economic volumes from the Codell and Niobrara Formations.

6. Applicant requests the Commission to create two (2) approximate 640 acre drilling and spacing unit for the drilling of up to four horizontal wells to the Codell and Niobrara Formations 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.

7. 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 Codell and Niobrara Formations 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.

8. 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 Codell and Niobrara Formations are common sources of supply underlying the Application Lands. Moreover, the proposed drilling and spacing units are 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.

9. 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 July, 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: May _____, 2012.

MARATHON OIL COMPANY

By: _____
Scott M. Campbell
Jeremy I. Ferrin
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
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Telephone: (303) 861-4400
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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 she is Landman for Marathon Oil Company, 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.

MARATHON OIL COMPANY

By: Tricia L. Clarke

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

Witness my hand and official seal.

My commission expires: _____.

Notary Public

EXHIBIT A

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To the Heirs
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