

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 8 NORTH, RANGE 63 WEST, SECTION 36; TOWNSHIP 8 NORTH, RANGE 64 WEST, SECTION 19, 20, 29 AND 31; TOWNSHIP 8 NORTH, RANGE 65 WEST, SECTIONS 14 AND 25; TOWNSHIP 9 NORTH, RANGE 64 WEST, SECTIONS 8, 14, 22 AND 32; AND TOWNSHIP 9 NORTH, RANGE 65 WEST, SECTION 30, 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 twelve (12) 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 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 nine (9) 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 Codell and Niobrara Formations in each such drilling and spacing unit in the following described lands located in Weld County, Colorado:

Township 8 North, Range 63 West, 6th P.M.  
Section 36: ALL

Township 8 North, Range 64 West, 6th P.M.

Section 19: ALL

Section 29: ALL

Section 31: ALL

Township 8 North, Range 65 West, 6th P.M.

Section 25: ALL

Township 9 North, Range 64 West, 6th P.M.

Section 8: ALL

Section 14: ALL

Section 22: ALL

Township 9 North, Range 65 West, 6th P.M.

Section 30: ALL

The Applicant also desires to create three (3) 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 Codell Formation in each such drilling and spacing unit in the following described lands located in Weld County, Colorado:

Township 9 North, Range 64 West, 6th P.M.

Section 32: ALL

Township 8 North, Range 65 West, 6th P.M.

Section 14: ALL

Township 8 North, Range 64 West, 6th P.M.

Section 20: 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, as to the applicable formations, 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 an order from the Commission which:

(a) Establishes nine (9) approximate 640 acre drilling and spacing units for the drilling of up to four horizontal wells to the Codell and Niobrara Formations in each such drilling and spacing unit in the following described lands located in Weld County, Colorado:

Township 8 North, Range 63 West, 6th P.M.

Section 36: ALL (DSU #1 – 640-acres/Codell and Niobrara)

Township 8 North, Range 64 West, 6th P.M.

Section 19: ALL (DSU #2 – 640-acres/Codell and Niobrara)

Section 29: ALL (DSU #3 – 640-acres/Codell and Niobrara)

Section 31: ALL (DSU #4 – 640-acres/Codell and Niobrara)

Township 8 North, Range 65 West, 6th P.M.

Section 25: ALL (DSU #5 – 640-acres/Codell and Niobrara)

Township 9 North, Range 64 West, 6th P.M.

Section 8: ALL (DSU #6 – 640-acres/Codell and Niobrara)

Section 14: ALL (DSU #7 – 640-acres/Codell and Niobrara)

Section 22: ALL (DSU #8 – 640-acres/Codell and Niobrara)

Township 9 North, Range 65 West, 6th P.M.

Section 30: ALL (DSU #9 – 640-acres/Codell and Niobrara)

(b) Establishes three (3) approximate 640 acre drilling and spacing units for the drilling of up to four horizontal wells to the Codell Formation in each such drilling and spacing unit in the following described lands located in Weld County, Colorado:

Township 9 North, Range 64 West, 6th P.M.

Section 32: ALL (DSU #10 – 640-acres/Codell)

Township 8 North, Range 65 West, 6th P.M.

Section 14: ALL (DSU #11 – 640-acres/Codell)

Township 8 North, Range 64 West, 6th P.M.

Section 20: ALL (DSU #12 – 640-acres/Codell)

(c) Establishes, consistent with Commission Rule 318.a., the following setbacks and well location rules applicable to the twelve (12) approximate 640 acre drilling and spacing units:

(i) That the surface location may be located anywhere on the drilling and spacing unit; and,

(ii) 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.

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 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.

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 mail.

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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## VERIFICATION

STATE OF TEXAS )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

Tricia L. Clarke, of lawful age, being first duly sworn upon oath, deposes and says that she is a 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: \_\_\_\_\_.

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Notary Public

## EXHIBIT A

Scott M.  
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