

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

IN THE MATTER OF THE APPLICATION OF)
KERR-MCGEE OIL & GAS ONSHORE LP FOR)
AN ORDER POOLING ALL INTERESTS IN)
THE CODELL AND NIOBRARA)
FORMATIONS IN TWO (2) DESIGNATED)
WELLBORE SPACING UNITS LOCATED IN)
THE WATTENBERG FIELD, WELD COUNTY,)
COLORADO

Cause No. _____

Docket No. _____

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (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 two (2) 160-acre designated wellbore spacing unit for the drilling of a two (2) wells to produce oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations for the Xcel 35-27 Well, API No. 05-123-35193, described below:

Township 1 North, Range 67 West, 6th P.M.

Section 27: S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 34: N $\frac{1}{2}$ NW $\frac{1}{4}$,

and the Xcel 36-27 Well, API No. 05-123-35191, described below:

Township 1 North, Range 67 West, 6th P.M.

Section 27: SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 34: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

Weld County, Colorado (together the "Application Lands").

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

1. Applicant is a limited partnership formed under the laws of the State of Delaware; is a wholly owned subsidiary of Anadarko Petroleum Corporation; is duly authorized to conduct business in the State of Colorado; and is a registered operator in good standing with the Commission.

2. Applicant owns certain interests in 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. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November

18, 1985), among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation underlying certain lands, including the Application Lands, with the drilling and spacing unit to be designated by the operator drilling the first well in the quarter section, (or the Director, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit. The Application Lands are subject to Order No. 407-87 for the Codell and Niobrara Formations.

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 this Rule for the Codell and Niobrara Formations.

5. Applicant designated a 160-acre wellbore spacing unit for the Xcel 35-27 Well for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations pursuant to Rule 318A.e. and notified all owners in the proposed wellbore spacing unit pursuant to Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed wellbore spacing unit within the 30-day response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

6. 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 Xcel 35-27 Well in the Codell and Niobrara Formations underlying the following designated 160-acre wellbore spacing unit:

Township 1 North, Range 67 West, 6th P.M.
Section 27: S $\frac{1}{2}$ SW $\frac{1}{4}$
Section 34: N $\frac{1}{2}$ NW $\frac{1}{4}$

(hereafter "Wellbore Spacing Unit 1").

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 Xcel 35-27 Well to the Codell and Niobrara Formations on the Application Lands.

8. Applicant also designated a 160-acre wellbore spacing unit for the Xcel 36-27 Well for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations pursuant to Rule 318A.e. and notified all owners in the proposed wellbore spacing unit pursuant to Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed wellbore spacing unit within the 30-day

response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

9. 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 Xcel 36-27 Well in the Codell and Niobrara Formations underlying the following designated 160-acre wellbore spacing unit:

Township 1 North, Range 67 West, 6th P.M.

Section 27: SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Section 34: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$

(hereafter "Wellbore Spacing Unit 2").

10. 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 Xcel 36-27 Well to the Codell and Niobrara Formations on the Application Lands.

11. 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 Xcel 35-27 Well and/or Xcel 36-27 Well, as applicable, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

12. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and Wellbore Spacing Unit 1 and Wellbore Spacing Unit 2 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 Application Lands and Wellbore Spacing Unit 1 for the development of the Codell and Niobrara Formations

B. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 1 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 any well in the Wellbore Spacing Unit 1 to the Codell and/or 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 the Xcel 35-27 Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), and made subject to the cost recovery provisions thereof with respect to all wells drilled to develop the Codell and Niobrara Formations in Wellbore Spacing Unit 1 as comprised of the Application Lands.

D. Pooling all interests in the Application Lands and Wellbore Spacing Unit 2 for the development of the Codell and Niobrara Formations.

E. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 2 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 any well in the Wellbore Spacing Unit 2 to the Codell and/or Niobrara Formations on the Application Lands.

F. 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 Xcel 36-27 Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (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 Unit 2 as comprised of the Application Lands.

G. 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 July 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 this 8th day of May, 2012.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: 

Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Address of Applicant

Kerr-McGee Oil & Gas Onshore LP
ATTN: Nancy McDonald
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Nancy McDonald, of lawful age, being first duly sworn upon oath, deposes and says that she is Staff Landman for Kerr-McGee Oil & Gas Onshore LP 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.

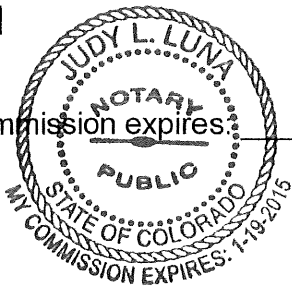
Nancy McDonald
Staff Landman
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this 3 day of May, 2012.

Witness my hand and official seal.

[SEAL]

My commission expires: _____



Judy L. Luna
Notary Public

EXHIBIT A
Interested Parties

Kerr-McGee Oil & Gas Onshore LP
1099 18th St, Suite 1800
Denver, CO 80202

Encana Oil & Gas (USA), Inc.
270 17th Street, Suite 1700
Denver, CO 80202

Noble Energy, Inc.
1625 Broadway, Suite 2200
Denver, CO 80202

Martin J Harrington, Jr.
2236 S. Jackson St.
Denver, CO 80210

Robert S Pirtle
P.O. Box 1310
Tyler, TX 75710-1310

BGSPE Energy Ltd.
P.O. Box 509
Tyler, TX 75710

Janet H Wallace
P.O. Box 3512
McAllen, TX 78502-3512

Anadarko E&P Company LP
1099 18th St, Suite 1800
Denver, CO 80210

T.E. McClintock T/W fbo
Elizabeth M. Nikoloric,
Colorado State Bank and Trust, N.A.,
Trustee
P.O. Box 1588
Tulsa, OK 74101

T.E. McClintock T/W fbo Mary M. Swift,
C/O Bank of OK, N.A. Agent
3908 Telephone Road
Fort Worth, TX 76135

Edwin G. Grenemyer
4804 Weld County Road 13
Dacono, CO 80514

Arnold Grenemyer, Sr. and Arnold
Grenemyer, Jr., joint tenants
9738 Weld County Road 4
Brighton, CO 80601

Clifford S. Wagner
638 Weld County Road 19
Brighton, CO 80603

Kenneth R. Wagner
648 Weld County Road 19
Brighton, CO 80603

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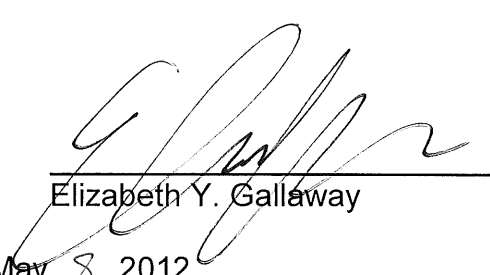
Docket No. _____

AFFIDAVIT OF MAILING

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

Elizabeth Y. Gallaway of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Kerr-McGee Oil & Gas Onshore LP, that on or before May 15, 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.

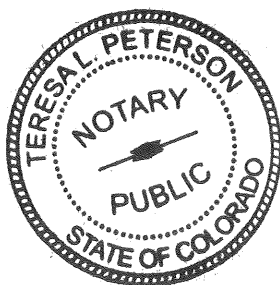


Elizabeth Y. Gallaway

Subscribed and sworn to before me May 8 2012.

Witness my hand and official seal.

My commission expires: 10-04-13.





Notary Public