## 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 )	Cause No
AN ORDER POOLING ALL INTERESTS IN )	
THE CODELL AND/OR NIOBRARA )	Oocket No
FORMATIONS IN SIX (6) DESIGNATED )	
WELLBORE SPACING UNITS LOCATED IN )	
THE WATTENBERG FIELD, WELD COUNTY, )	
COLORADO	

#### <u>APPLICATION</u>

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 six (6) designated wellbore spacing unit for the drilling of six (6) wells to produce oil, gas, and associated hydrocarbons from the Codell and/or Niobrara Formations for the Nichols 15N-31HZ Well, located within the 200-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: W%E%

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: SW¼SE¼.

the Nichols 15C-31HZ Well, located within the 200-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: W½E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: SW1/4SE1/4.

the Nichols 37N-31HZ Well, located within the 400-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M.

Section 31: S½SE¼,

the Nichols 37C-31HZ Well, located within the 400-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6th P.M.

Section 6: E½

Township 3 North, Range 65 West, 6th P.M.

Section 31: S½SE¼,

the Nichols 16N-31HZ Well, located within a 200-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6th P.M.

Section 6: E½E½

Township 3 North, Range 65 West, 6th P.M.

Section 31: SE1/4SE1/4,

and the Nichols 38N-31HZ Well, located within a 400-acre wellbore spacing unit described below:

Township 2 North, Range 65 West, 6th P.M.

Section 5: W½W½

Section 6: E½E½

Township 3 North, Range 65 West, 6th P.M.

Section 31: SE¼SE¼ Section 32: SW¼SW¼

all located in Weld County, CO (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 16, 2012, the Commission issued Order No. 407-593 which, among other things, pooled all interests in five designated wellbore spacing units for certain lands including a portion of the Application Lands for the development and operation of the Codell and Niobrara Formations.
- 5. 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.
- 6. Applicant designated a 200-acre wellbore spacing unit for the Nichols 15N-31HZ Well for the production of oil, gas, and associated hydrocarbons from Niobrara Formation 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.
- 7. 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 Nichols 15N-31HZ Well in the Niobrara Formation underlying the following designated 200-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: W½E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: SW¼SE¼.

(hereafter "Wellbore Spacing Unit 1").

8. 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 Nichols 15N-31HZ Well to the Niobrara Formation on the Application Lands.

- 9. Applicant designated a 200-acre wellbore spacing unit for the Nichols 15C-31HZ Well for the production of oil, gas, and associated hydrocarbons from the Codell Formation 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.
- 10. 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 Nichols 15C-31HZ Well in the Codell Formation underlying the following designated 200-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: W½E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: SW1/4SE1/4,

(hereafter "Wellbore Spacing Unit 2").

- 11. 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 Nichols 15C-31HZ Well to the Codell Formation on the Application Lands.
- 12. Applicant designated a 400-acre wellbore spacing unit for the Nichols 37N-31HZ Well for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation 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.
- 13. 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 Nichols 37N-31HZ Well in the Niobrara Formation underlying the following designated 400-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: S½SE¼,

(hereafter "Wellbore Spacing Unit 3").

- 14. 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 Nichols 37N-31HZ Well to the Niobrara Formation on the Application Lands.
- 15. Applicant designated a 400-acre wellbore spacing unit for the Nichols 37C-31HZ Well for the production of oil, gas, and associated hydrocarbons from the Codell Formation 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.
- 16. 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 Nichols 37C-31HZ Well in the Codell Formation underlying the following designated 400-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: E½

Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Section 31: S½SE¼,

(hereafter "Wellbore Spacing Unit 4").

- 17. 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 Nichols 37C-31HZ Well to the Codell Formation on the Application Lands.
- 18. Applicant designated a 200-acre wellbore spacing unit for the Nichols 16N-31HZ Well for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation 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.
- 19. 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 Nichols 16N-31HZ Well in the Niobrara Formation underlying the following designated 200-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M. Section 6: E½E½

Township 3 North, Range 65 West, 6th P.M.

Section 31: SE1/4SE1/4

(hereafter "Wellbore Spacing Unit 5").

- 20. 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 Nichols 16N-31HZ Well to the Niobrara Formation on the Application Lands.
- 21. Applicant designated a 400-acre wellbore spacing unit for the Nichols 38N-31HZ Well for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation 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.
- 22. 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 Nichols 38N-31HZ Well in the Niobrara Formation underlying the following designated 400-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6th P.M.

Section 5:

W1/2W1/2

Section 6:

E½E½

Township 3 North, Range 65 West, 6th P.M.

Section 31:

SE1/4SE1/4

Section 32:

SW1/4SW1/4

(hereafter "Wellbore Spacing Unit 6").

- 23. 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 Nichols 38N-31HZ Well to the Niobrara Formation on the Application Lands.
- 24. 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 Nichols 15N-31HZ Well, the Nichols 15C-31HZ Well, the Nichols 37N-31HZ Well, the Nichols 37C-31HZ Well the Nichols 16N-31HZ and/or the Nichols 38N-31HZ 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.

25. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and Wellbore Spacing Unit 1, Wellbore Spacing Unit 2, Wellbore Spacing Unit 3, Wellbore Spacing Unit 4, Wellbore Spacing Unit 5 and Wellbore Spacing Unit 6 should be pooled for the orderly development of the Codell and/or Niobrara Formations, as applicable, 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 Niobrara Formation.
- 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 Niobrara Formation 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 Nichols 15N-31HZ 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 Niobrara Formation 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 Formation.
- 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 Formation 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 authorized the Nichols 15C-31HZ 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 Formation in Wellbore Spacing Unit 2 as comprised of the Application Lands.
- G. Pooling all interests in the Application Lands and Wellbore Spacing Unit 3 for the development of the Niobrara Formation.
- H. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 3 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 3 to the Niobrara Formation on the Application Lands.

- I. 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 Nichols 37N-31HZ 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 Niobrara Formation in Wellbore Spacing Unit 3 as comprised of the Application Lands.
- J. Pooling all interests in the Application Lands and Wellbore Spacing Unit 4 for the development of the Codell Formation.
- K. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 4 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 4 to the Codell Formation on the Application Lands.
- L. 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 Nichols 37C-31HZ 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 Formation in Wellbore Spacing Unit 4 as comprised of the Application Lands.
- M. Pooling all interests in the Application Lands and Wellbore Spacing Unit 5 for the development of the Niobrara Formation.
- N. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 5 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 5 to the Niobrara Formation on the Application Lands.
- O. 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 Nichols 16N-31HZ 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 Niobrara Formation in Wellbore Spacing Unit 5 as comprised of the Application Lands.
- P. Pooling all interests in the Application Lands and Wellbore Spacing Unit 6 for the development of the Niobrara Formation.
- Q. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 6 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 6 to the Niobrara Formation on the Application Lands.

- R. 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 Nichols 38N-31HZ 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 Niobrara Formation in Wellbore Spacing Unit 6 as comprised of the Application Lands.
- S. 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  $0^{h}$  day of May, 2012.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

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: Nikkie Fawcett
1099 18<sup>th</sup> Street, Suite 1800
Denver, Colorado 80202

### **VERIFICATION**

STATE OF COLORADO	)	
CITY AND COUNTY OF DENIVER		SS
CITY AND COUNTY OF DENVER	()	

Matthew T. Miller, of lawful age, being first duly sworn upon oath, deposes and says that he is Agent and Attorney in Fact for Kerr-McGee Oil & Gas Onshore LP and that he has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Matthew T. Miller

Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this \( \subscribed \) day of May, 2012.

Witness my hand and official seal.

[SEAL]

My commission

Notary Public

## EXHIBIT A Interested Parties

Robin Christen Ward c/o Julia Mazzula Noland 10621 Martis Valley Road Truckeee, CA 96161

Robert J. Christen and Arlene M. Christen, Trustees of the Christen Trust dated January 31, 1989 2070 Dunes Circle Reno, Nevada 89509

Stewart G J Clayton 5540 South Yampa Court Aurora, CO 80015

Nan Clayton Sommer 4458 Chelsea Road Las Cruces, New Mexico 88005-3527

Maynard W. Nichols 11225 Weld County Road 39 Hudson, CO 80642

Roger D. Sampsel and Sherie L. Sampsel, JT PO Box 98 Hudson, CO 8642-0098

Thomas E McCurnin 2621 Van Buren Place Los Angeles, CA 90007 David S McCurnin Box 466 Nevis, Minnesota 56467

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Nancy Conkling Murray 803 North Shorewood Drive Marble Falls, TX 78654

MRJ Camp Holdings, LLLP PO Box 127 Platteville, CO 80651

Phyllis Edith Camp Nelson 1454 Red Fox Circle Windsor, CO 80550-2742

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

Anadarko Petroleum Corporation 1099 18th St. #1800 Denver, CO 80202

Noble Energy, Inc. 1625 Broadway, Suite 2000 Denver, CO 80202

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

IN THE MATTER OF THE APPLICATION O KERR-MCGEE OIL & GAS ONSHORE LP FOI AN ORDER POOLING ALL INTERESTS II THE CODELL AND NIOBRAR, FORMATIONS IN SIX (6) DESIGNATEI WELLBORE SPACING UNITS LOCATED II THE WATTENBERG FIELD, WELD COUNTY COLORADO	Cause No N )			
AFFIDAVIT OF	MAILING			
STATE OF COLORADO )				
)ss. CITY AND COUNTY OF DENVER )				
Elizabeth Y. Gallaway of lawful age, a states and declares:	and being first duly sworn upon her oath,			
That she is the attorney for Kerr-McGee May , 2012, she caused a copy of the att United States Mail, postage prepaid, addresse Application.	e Oil & Gas Onshore LP, that on or before rached Application to be deposited in the ed to the parties listed on Exhibit A to the Elizabeth Y. Gallaway			
Subscribed and sworn to before me May 10 2012				
Witness my hand and official seal.				
My commission expires: Actobes 22	, 20 <u>6</u> .			
CAROLYN P. BOULETTE NOTARY PUBLIC, STATE OF GOLOHADO  My Comm. Expires October 22, 2015	Carolin P. Bowette Notary Public			