

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

IN THE MATTER OF THE APPLICATION OF APOLLO)	
OPERATING, LLC, FOR AN ORDER POOLING ALL)	CAUSE NOS. 232 & 407
INTERESTS IN THE 120-ACRE WELLBORE SPACING)	
UNIT DESIGNATED FOR CERTAIN LANDS LOCATED)	DOCKET NO. <i>To be assigned</i>
IN TOWNSHIPS 4 AND 5 NORTH, RANGE 68 WEST,)	
6 TH P.M., FOR THE DEVELOPMENT/OPERATION OF)	
THE CODELL, NIOBRARA AND "J" SAND)	
FORMATIONS, WATTENBERG FIELD, LARIMER)	
COUNTY, COLORADO)	

APPLICATION

Apollo Operating, LLC ("Apollo" or "Applicant"), by and through its attorneys, Burleson LLP, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to pool all interests in the approximate 120-acre wellbore spacing unit designated for certain lands located in Section 4, Township 4 North, Range 68 West, 6th P.M., and Sections 33 and 34, Township 5 North, Range 68 West, 6th P.M., for the development and operation of the Codell, Niobrara and "J" Sand Formations. In support of the Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 4 North, Range 68 West, 6th P.M.

Section 4: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Township 5 North, Range 68 West, 6th P.M.

Section 33: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 34: SW $\frac{1}{4}$ SW $\frac{1}{4}$

These lands are hereinafter referred to as the "Application Lands." A map depicting the Application Lands is attached hereto and marked Exhibit A.

3. Rule 318.a. provides that wells to be drilled at depths greater than 2,500 feet shall be located not less than 600 feet from any lease line, and shall not be located less than 1,200 feet from any other producible or drilling well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing. The NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 4 North, Range 68 West, 6th P.M., and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 33, Township 5 North, Range 68 West, 6th P.M., are subject to this Rule for the Codell, Niobrara and "J" Sand Formations.

4. On December 19, 1983, the Commission issued Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), which, 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 Section 34, Township 5 North, Range 68 West, 6th P.M., 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.

5. 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 Section 34, Township 5 North, Range 68 West, 6th P.M., with the permitted well locations in accordance with the provisions of Order No. 407-1.

6. 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 Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to, among other things, 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, Niobrara and "J" Sand Formations.

7. Applicant hereby requests a Commission order pooling all interests in the approximate 120-acre wellbore spacing unit designated for the Application Lands, wherein Apollo has drilled the Murdock #34SW-BL Well (the "Well"), API #05-069-06449, a directional well with a planned bottomhole location of 5 feet FSL and 5 feet FWL in Section 34, Township 5 North, Range 68 West, 6th P.M., for the development and operation of the Codell, Niobrara and "J" Sand Formations, retroactive to the earliest date costs are incurred for the Well as allowed by §34-60-116(7), C.R.S., or the date of the Application, whichever is earlier.

8. Acting pursuant to the relevant provisions of §34-60-116(6) & (7), C.R.S., and Rule 530., Applicant seeks an order pooling all interests in the Application Lands, for the development and operation of the Codell, Niobrara and "J" Sand Formations.

9. Applicant requests the pooling order entered as a result of this Application be made effective as of the date of this Application, or the date that the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of the Well, whichever is earlier.

10. Applicant hereby certifies that, at least thirty (30) days prior to the Commission hearing on this matter, each interest owner, not already leased or voluntarily pooled, was tendered a reasonable offer to lease or participate and bear costs associated with the drilling and completion of the Well as required by Rule 530., and either refused or failed to consent.

11. The granting of this application is in accord with the Oil and Gas Conservation Act, found at §34-60-101, *et seq.*, C.R.S., and the Commission rules.

12. That the names and addresses of the interested parties (those persons who own any interest in the mineral estate of the tracts to be pooled, except owners of an overriding

royalty interest) according to the information and belief of the Applicant are set forth in Exhibit B attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order:

A. Pooling all interests in the Application Lands, for the development and operation of the Codell, Niobrara and "J" Sand Formations.

B. Providing that pooling order is made effective as of the date of the Application, or the date that the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of the Well, whichever is earlier.

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 Well, are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof.

D. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 31st day of October, 2012.

Respectfully submitted,

APOLLO OPERATING, LLC

By: 

Robert A. Willis (Colorado Bar No. 26308)
Burleson LLP
Wells Fargo Center
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Denver, CO 80290
(303) 801-3200

Applicant's Address:
1538 Wazee St., Suite 200
Denver, CO 80202

VERIFICATION

STATE OF COLORADO

)

) ss.

CITY & COUNTY OF DENVER

)

Jesse White, Manager for Apollo Operating, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

APOLLO OPERATING, LLC



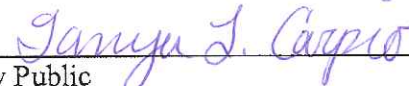
Jesse White, Manager

Subscribed and sworn to before me this 31st day of October, 2012, by Jesse White, Manager for Apollo Operating, LLC.

Witness my hand and official seal.

My commission expires: 8/12/14




Notary Public

Application Lands - 

Sec. 4, T4N, R68W &
Sec. 33 & 34, T5N, R68W
Larimer County

Exhibit A
Application Map

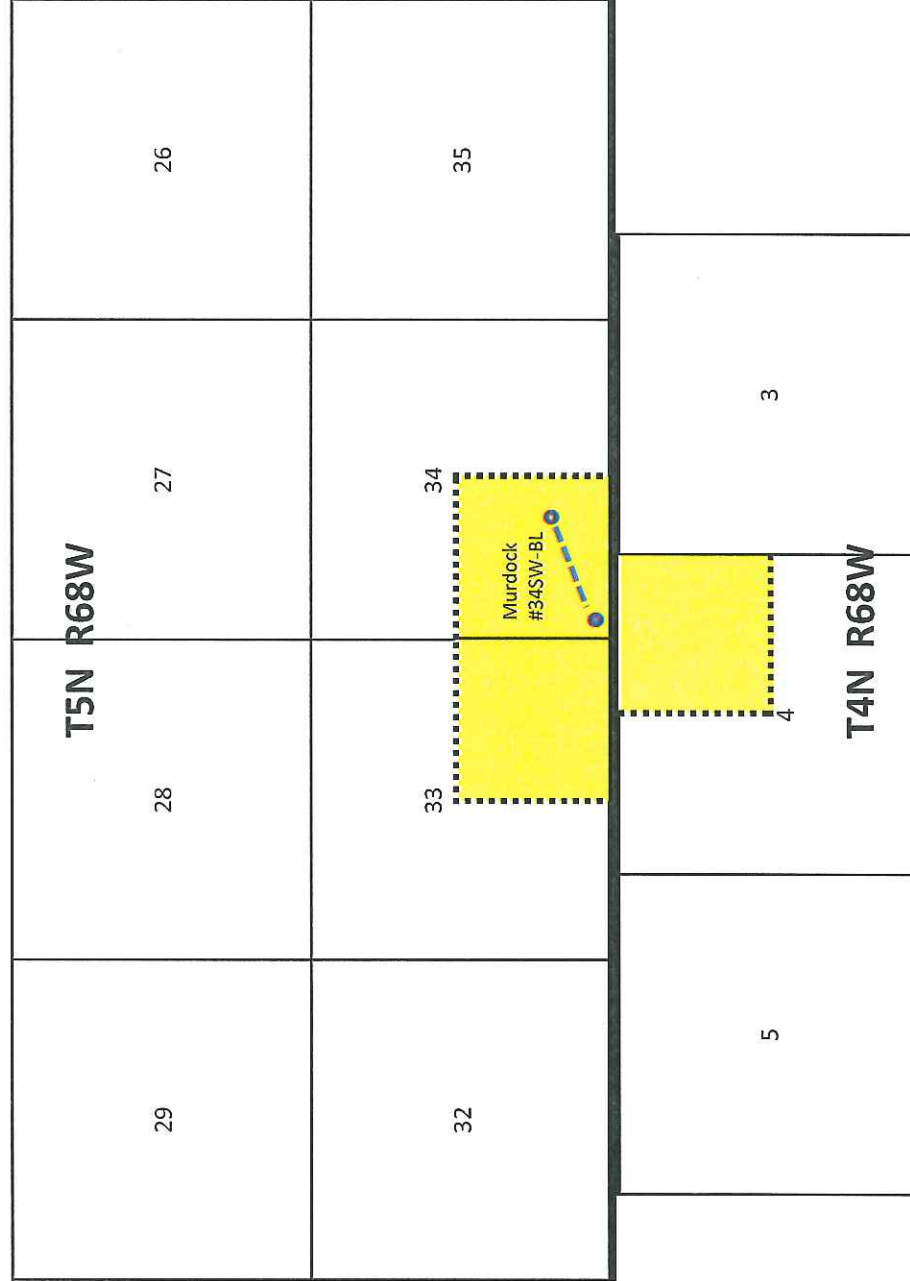


EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in this Exhibit B.

Apollo Operating, LLC
1538 Wazee St., Suite 200
Denver, CO 80202

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Synergy Resources Corp.
Attn: Ed Holloway
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Robert D. Keirns & Nancy A. Keirns
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Randall D. Zila & Susan M. Zila, as Trustees of the
Zila Living Trust, dated September 12, 2001
5004 Lebsack Lane
Loveland, CO 80537

Larry D. Mayo
5107 Lebsack Lane
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John C. Fender
5005 Lebsack Lane
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Larry L. Carlson , Trustee of the Larry L. Carlson
Trust & Michael L. Carlson, Trustee of the Michael
L. Carlson Trust
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Loveland, CO 80537

Virginia Ann Channell
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Devin F. Anderson & Jackie K. Anderson
5021 E. County Road 14
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