

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

IN THE MATTER OF THE APPLICATION OF
AXIA ENERGY, LLC FOR AN ORDER
ESTABLISHING AN APPROXIMATE 2608.8-
ACRE UNIT IN SECTIONS 2, 3, 10, 11, 14
AND 15 TOWNSHIP 7 NORTH, RANGE 91
WEST, 6TH P.M., IN AN UNNAMED FIELD,
MANCOS AND NIOBRARA FORMATIONS,
MOFFAT COUNTY, COLORADO

CAUSE NO. _____

DOCKET NO. _____

APPLICATION

Axia Energy, LLC ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission"), pursuant to C.R.S. § 34-60-116(2), for an order establishing an 2608.8 acre unit for the production of oil, gas, and associated hydrocarbons from the Mancos and Niobrara Formations covering certain described lands in Moffat County, Colorado and in support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Applicant holds certain leasehold interests in the lands described below and will be the operator in the proposed unit:

Township 7 North, Range 91 West, 6th P.M.,
Section 2: Lots 13-14, 17-20; a/d/a S $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 3: Lots 7-20; a/d/a W $\frac{1}{2}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$
Section 10: Lots 1-16; a/d/a ALL
Section 11: Lots 1-16; a/d/a ALL
Section 14: Lots 1-8; a/d/a N $\frac{1}{2}$
Section 15: Lots 1-4; a/d/a N $\frac{1}{2}$ N $\frac{1}{2}$

Moffat County, Colorado (hereafter the "Application Lands")

A reference map of the Application Lands is attached hereto.

3. The Application Lands are subject to Commission Rule 318.a. which provides that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be 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 source of supply, unless authorized by order of the Commission upon hearing. There are no specific Commission Orders applicable to the Mancos and Niobrara Formations underlying the Application Lands.

4. The Mancos and Niobrara Formations in this area are defined as the stratigraphic equivalent of the interval between 8,060 feet and 11,934 feet as found in the Bulldog #20-12H-892 Well located in the SW/4NW/4 of Section 20, Township 8 North, Range 92 West, 6th P.M., Moffat County, Colorado. The Mancos and Niobrara Formations are a common source of supply underlying the Application Lands.

5. To promote efficient drainage within the Mancos and Niobrara Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish a unit of approximately 2608.8-acres for the Application Lands.

6. No wells have been drilled and completed to the Mancos and Niobrara Formations on the Application Lands, or on lands in close proximity to the Application Lands.

7. That the above-proposed unit will allow efficient drainage of the Mancos and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed well in each such unit.

8. That the Applicant is requesting to drill and complete the appropriate number of wells in order to efficiently and economically recover the oil, gas and associated hydrocarbons from the 2608.8-acre unit. The Applicant states that each proposed horizontal well shall be located on the surface anywhere within the unit, or on adjacent lands, with the treated interval of any horizontal well to be no closer than 600' from the boundaries of the 2608.8-acre unit. The Applicant further maintains that the proposed horizontal wells will have no adverse effect on correlative rights of adjacent owners.

9. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A 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 that this matter be set for hearing, 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 this 7th day of January, 2013.

Respectfully submitted,

AXIA ENERGY, LLC

By: Jama L. Jost

Jama L. Jost

Gregory J. Nibert Jr.

Beatty & Wozniak, P.C.

Attorneys for Applicant

216 16th Street, Suite 1100

Denver, Colorado 80202

(303)407-4499

Applicant's Address:

Axia Energy LLC

ATTN: Tab McGinley


1430 Larimer Street, Suite 400

Denver, Colorado 80202

VERIFICATION

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

Tab McGinley, Vice President of Land, of Axia Energy, 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.



Tab McGinley
Vice President of Land

Subscribed and sworn to before this 23RD day of January, 2013.

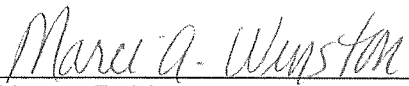
Witness my hand and official seal.

My commission expires:

[SEAL]



My Commission Expires 7/6/13



Notary Public

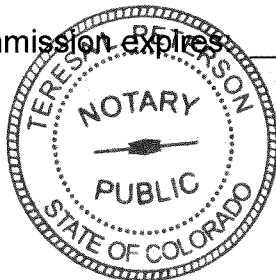
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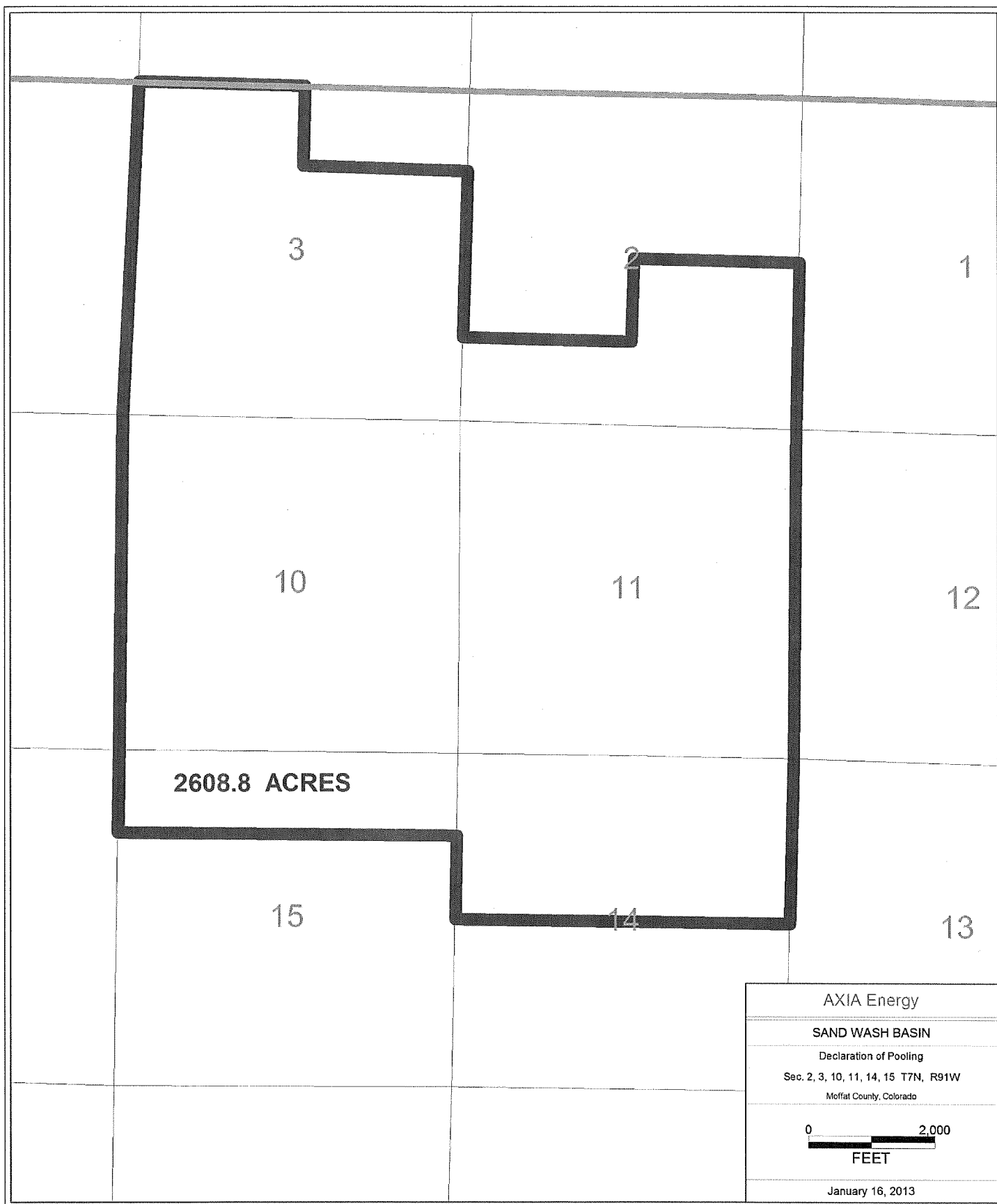
STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

That she is the attorney for Axia Energy, LLC, that on or before January 31, 2013, 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.

My commission expires: 10-04-13



5



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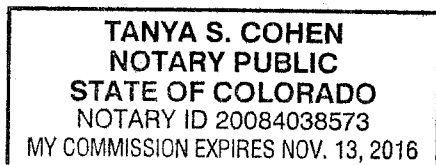
DOCKET NO.

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

That she is the attorney for Axia Energy, LLC, that on or before February 8, 2013, 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.

Subscribed and sworn to before me January 31, 2013.

My commission expires: 11/13/2016





Notary Public

Exhibit A

AXIA ENERGY, LLC
ATTN: TAB MCGINLEY
1430 LARIMER STREET, SUITE 400
DENVER, CO 80202

COUNTS FAMILY IRREVOCABLE TRUST C/O
CHARLES COUNT
PO BOX 307
CRAIG, CO, 81626-0307

OXY USA INC.
ATTN: KATHLEEN BONI
5 GREENWAY PLAZA, SUITE 110
HOUSTON, TEXAS 77046

DENNIS STODDARD
509 YAMPA AVE.
CRAIG, CO 81625

QUICKSILVER RESOURCES, INC.
ATTENTION: CLAY BLUM
801 CHERRY STREET, STE. 3700
FORT WORTH, TEXAS 76102

FRANKLIN LEE COUNTS
777 S RANNEY ST
CRAIG, CO, 81625

PETRO-HUNT LLC
400 E. BROADWAY AVE., SUITE 414
BISMARCK, ND 58501

JAMES M. STODDARD
509 YAMPA AVE.
CRAIG, CO 81625

U.S.A. C/O BUREAU OF LAND MANAGEMENT
2850 YOUNGFIELD STREET, LAKEWOOD,
CO 80215

JEFFREY A. STODDARD
7135 HORSESHOE RD
COLORADO SPINGS, CO 80922

RALPH TARANGO
518 TRENTON CT., RAWLINS, WY 82301

JOSEPH E. STODDARD, JR.
808 STEELE STREET
CRAIG, CO 81625

BARBARA BOERSMA
C/O JAMES M. STODDARD
509 YAMPA AVE
CRAIG, CO 81625

JOYCE STODDARD
422 1/2 PROSPECTOR PLACE #2,
GRAND JUNCTION, CO 81503

CHARLES A. STODDARD, JR.
PO BOX 338
CRAIG CO. 81625

KRISTINE DRIBER
509 YAMPA AVE.
CRAIG, CO 81625

CONSTANCE HANKS
4439 CLARK STREET
LONG BEACH, CA 90808

RANDAL ERNEST JOSEPH ST. LOUIS
5704 DOVE DRIVE, PACE
FL 32571

RICHARD M. PADON
4934 ARAPAHO TRAIL
BILINGS, MT 59106

JEFF COMSTOCK
MOFFAT COUNTY
221 W VICTOR WAY, SUITE 130
CRAIG, CO 81625

SMITH RANCHO LAND & LIVESTOCK, LLC
PO BOX 215
CRAIG, CO, 81626-0215

KENT KUSTER
COLORADO DEPARTMENT OF
PUBLIC HEALTH & ENVIRONMENT
4300 CHERRY CREEK DRIVE SOUTH
DENVER, CO 80246-1530

VERLIE ST. LOUIS VAN TASSEL
96525 EAST HIGHWAY 40
CRAIG, CO 81625

MICHAEL WARREN
ENERGY LIAISON
COLORADO PARKS AND WILDLIFE
NORTHWEST REGIONAL OFFICE
711 INDEPENDENT AVE.
GRAND JUNCTION, CO 81505

LITTLE SNAKE FIELD OFFICE
BUREAU OF LAND MANAGEMENT
ATTENTION: MARTY O'MARA
455 EMERSON STREET
CRAIG, COLORADO 81625