

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

IN THE MATTER OF THE APPLICATION OF )  
EE3 LLC FOR AN ORDER TO VACATE AN ) Cause No.  
APPROXIMATE 640.00-ACRE DRILLING )  
AND SPACING UNIT ESTABLISHED BY ) Docket No.  
ORDER NO. 531-2 AND ESTABLISH ONE )  
APPROXIMATE 1280-ACRE DRILLING AND )  
SPACING UNIT FOR SECTIONS 11 AND 12, )  
TOWNSHIP 7 NORTH, RANGE 81 WEST, )  
6TH P.M., FOR THE NIOBRARA AND )  
FRONTIER FORMATIONS, UNNAMED )  
FIELD, JACKSON COUNTY, COLORADO )

APPLICATION

EE3 LLC ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") pursuant to C.R.S. 34-60-116, for an order to 1) vacate an approximate 640-acre drilling and spacing unit established by Order No. 531-2 and 2) establish an approximate 1280-acre drilling and spacing unit for production of oil, gas and associated hydrocarbons from the Niobrara and Frontier Formations in the following lands:

Township 7 North, Range 81 West, 6<sup>th</sup> P.M.

Section 11: All

Section 12: All

1,280 acres, more or less, Jackson County, Colorado (hereinafter "Application Lands").

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 the right to operate in the Application Lands. A reference map of the Application Lands is attached hereto.
3. On July 15, 2008, the Commission issued Order No. 531-2 which, among other things, established approximate 640-acre drilling and spacing unit for certain described lands including Section 12, Township 7 North, Range 81 West, 6th P.M. and allowed one horizontal well to be drilled and completed in each of the established drilling and spacing units, with the option to drill a second horizontal well in said unit, with a bottom hole location no closer than 600 feet from the boundaries of the unit, for production of gas and associated hydrocarbons from the Niobrara Formation. Section 12, Township 7 North, Range 81 West, 6th P.M. of the Application Lands is subject to Order No. 531-2 for the Niobrara Formation.

4. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires wells 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. Section 12, Township 7 North, Range 81 West, 6th P.M. is subject to this rule for the Frontier Formation and Section 11, Township 7 North, Range 81 West, 6th P.M. is subject to this rule for the Niobrara and Frontier Formations.

5. Applicant requests that the Commission vacate Order No. 531-2 with respect to vacate Order No. 531-2 with respect to Section 12, Township 7 North, Range 81 West, 6th P.M. of the Application Lands and establish one (1) approximate 1280-acre drilling and spacing unit for the Application Lands for the development and operation of the Niobrara and Frontier Formations.

6. Applicant requests that it be authorized to drill and complete up to seven (7) wells to each of the Niobrara and Frontier Formations within the 1280-acre drilling and spacing unit comprised of the Application Lands and that there will be no adverse effect on correlative rights of adjacent owners.

7. The Applicant maintains that there be no more than seven (7) well pads per section on the Application Lands with the treated interval of each proposed horizontal well shall be no closer than 600 feet from the boundaries of the unit (regardless of the lease lines within the unit) and no closer than 150 feet from the treated interval of another well within the unit, unless an exception is granted by the Director.

8. That the above-proposed drilling and spacing unit will allow efficient drainage of the Niobrara and Frontier 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 drilling and spacing 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 wells in the unit.

9. That according to the information and belief of the Applicant, the names and addresses of the interested parties hereto are set forth in Exhibit A; and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully 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 this Commission enter its order:

A. Vacating Order No. 531-2 with respect to Section 12, Township 7 North, Range 81 West, 6th P.M. of the Application Lands.

B. Establishing the Application Lands as an approximate 1280-acre drilling and spacing unit for the Application Lands, and approving a total of up to seven (7) wells to each of the Niobrara and Frontier Formations within the 1280-acre drilling and spacing unit are authorized as necessary.

C. Providing that there be no more than seven (7) wellpads per section on the Application Lands, the treated interval of any horizontal well shall be no closer than 600 feet from the boundaries of the unit and not less than 150 feet from the treated interval of another well within the unit; unless an exception is granted by the Director.

D. Finding that an approximate 1280-acre drilling and spacing unit will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Niobrara and Frontier Formations on the Application Lands; and

E. For such other findings and orders as the Commission may deem proper or advisable in this matter.

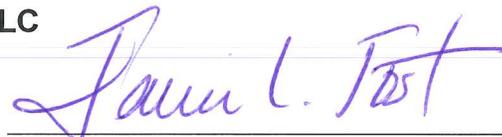
WHEREFORE, Applicant respectfully requests that this matter be set for hearing in June 2013, that notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

DATED this 19<sup>th</sup> day of April, 2013.

Respectfully submitted:

EE3 LLC

By:



Jamie L. Jost  
Gregory J. Nibert Jr.  
Beatty & Wozniak, P.C.  
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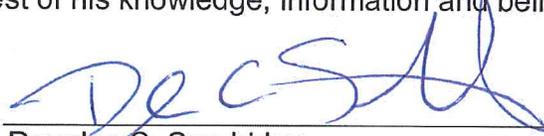
Applicant's Address:

EE3 LLC  
ATTN: Douglas Sandridge  
4410 Arapahoe Ave. Suite 100  
Boulder, CO 80303

VERIFICATION

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

Douglas C. Sandridge, of lawful age, being first duly sworn upon oath, deposes and says that he is the Vice President of EE3 LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Douglas C. Sandridge

Subscribed and sworn to before me this 19<sup>th</sup> day of April, 2013.

Witness my hand and official seal.

My commission expires: 03/11/2014



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Notary Public



**Reference Map  
Proposed 1280 Acre Spacing Units**

**Township 7 North, Range 81 West, 6<sup>th</sup> PM  
Sections 2 & 3  
Sections 11 & 12  
Sections 14 & 15  
&  
Township 7 North, Range 80 West, 6<sup>th</sup> PM  
Sections 16 & 17**

