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

IN THE MATTER OF THE APPLICATION OF WPX ENERGY ROCKY MOUNTAIN, LLC FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS IN THE WILLIAMS FORK FORMATION OF THE MESAVERDE GROUP IN AN ESTABLISHED DRILLING AND SPACING UNIT LOCATED IN THE GRAND VALLEY FIELD AND DESCRIBED AS SECTION 13: NW/4 OF TOWNSHIP 7 SOUTH, RANGE 96 WEST, GARFIELD COUNTY, COLORADO

CAUSE NO. 479

DOCKET NO.

AFFIDAVIT OF MAILING

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

Gretchen VanderWerf, of lawful age, being first duly sworn upon oath, states and declares:

That she is the attorney for WPX Energy Rocky Mountain, LLC, Applicant herein; that on May 30, 2013, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to each of the parties listed on Exhibit A to the Application.

By: <u>Gretchen VanderWerf</u>
Gretchen VanderWerf

Subscribed and sworn to before me this 30th day of May, 2013.

Witness my hand and official seal.

My commission expires: June 6, 2015.

Notary Public 2 (mgo

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

IN THE MATTER OF THE APPLICATION OF WPX ENERGY ROCKY MOUNTAIN, LLC FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS IN THE WILLIAMS FORK FORMATION OF THE MESAVERDE GROUP IN AN ESTABLISHED DRILLING AND SPACING UNIT LOCATED IN THE GRAND VALLEY FIELD AND DESCRIBED AS SECTION 13: NW/4 OF TOWNSHIP 7 SOUTH, RANGE 96 WEST, GARFIELD COUNTY, COLORADO

CAUSE NO. 479	
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APPLICATION

COMES NOW WPX Energy Rocky Mountain, LLC ("Applicant"), by its attorney, Gretchen VanderWerf, PC, and makes application to the Oil and Gas Conservation Commission of the State of Colorado for an order to pool all interests in an approximate 160-acre drilling and spacing unit consisting of the NW/4 of Section 13, Township 7 South, Range 96 West, 6th P.M., for the development and operation of the Williams Fork Formation of the Mesaverde Group. 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, and is a registered operator in good standing with the Commission.
- 2. Applicant owns substantial leasehold interests in the following described lands:

Township 7 South, Range 96 West, 6th P.M. Section 13: NW/4
Garfield County, Colorado

("Application Lands").

3. Pursuant to the Commission's Order No. 479-21 issued on July 11, 2012, an approximate 160-acre drilling and spacing unit consisting of the Application Lands was established for the production of gas and associated hydrocarbons from the Williams Fork Formation of the Mesaverde Group. In addition, Order No. 479-21 allowed the equivalent of one well per 10 acres where each permitted well may be located downhole anywhere within the unit consisting of the Application Lands, provided that no such wells shall be located downhole any closer than 100 feet from the

boundaries of the unit unless such boundary abuts or corners lands in respect of which the Commission has not at the time of the drilling permit application granted the right to drill 10-acre density Williams Fork Formation wells, in which event Williams Fork Formation wells to be drilled upon the given drilling and spacing unit shall be located downhole no closer than 200 feet from the portion of the unit boundary which so abuts or corners the lands in respect of which 10-acre density downhole drilling for Williams Fork Formation wells has not been ordered by the Commission.

- 4. Applicant anticipates spudding the GM 11-13 Well on the Application Lands during the period of time from September to December 2013 and plans to drill additional 10-acre density wells on the Application Lands in the future. Applicant also anticipates that the GM 11-13 Well will be drilled from the GM 24-12 pad located in the SW/4SW/4 of Section 12, Township 7 South, Range 96 West. A plat showing the proposed location of the GM 11-13 Well is attached hereto as Exhibit B.
- 5. Applicant, pursuant to the provisions of C.R.S.§ 34-60-116(6) and (7) and Rule 530, seeks an order to statutorily pool all interests not voluntarily pooled in the Williams Fork Formation of the Mesaverde Group underlying the Application Lands for all wells drilled into the Application Lands.
- 6. Applicant hereby certifies that at least 30 days prior to the Commission hearing on this matter, each interest owner not already leased or voluntarily pooled, was offered the opportunity to lease or participate in the drilling of the GM 11-13 Well and was provided with the information required by Rule 530.
- 7. Applicant requests that the interests of any owners with whom Applicant has been unable to secure a lease or other agreement to participate in the drilling of the GM 11-13 Well be hereby pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof.
- 8. The names and addresses of the interested parties, comprised of those persons who own any interest in the mineral estate to be pooled, according to the information and belief of Applicant, are set forth in Exhibit A attached hereto. Applicant is submitting a certificate of mailing for the Application at the time it submits the Application.
- 9. Applicant requests that 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 C.R.S. §34-60-116(7)(b) are first incurred for the drilling of the GM 11-13 Well, whichever is earlier.

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:

- A. Pooling all interests of nonconsenting owners within an approximate 160-acre drilling and spacing unit established for the Application Lands, for the development and operation of the Williams Fork Formation of the Mesaverde Group, as of the date of the Application, or the date that any of the costs specified in C.R.S. §34-60-116(7)(b)(ll) are first incurred for the drilling of the GM 11-13 Well, and to subject any nonconsenting owners to the cost recovery provisions of C.R.S. §34-60-116(7).
- B. Providing that the production obtained from the drilling and spacing unit shall be allocated to each owner in the unit on the basis of the proportion that the number of acres in such tract bears to the total number of mineral acres within the drilling and spacing unit; each owner of an interest in the drilling and spacing unit shall be entitled to receive its share of the production of the Well located within the drilling and spacing unit applicable to its interest in the drilling and spacing unit.
- C. Providing that the nonconsenting working interest owners must reimburse the consenting working interest owners for their share of the costs and risks of drilling and operating the Well, including penalties as provided by §34-60-116(7)(b), out of production from the drilling and spacing unit representing the cost-bearing interests of the nonconsenting working interest owners as provided by §34-60-116(7).
- D. Providing that any unleased owners are hereby deemed to have elected not to participate and shall therefore be deemed to be nonconsenting as to the Well and be subject to the penalties as provided by §34-60-116(7).
- E. Providing that each nonconsenting unleased owner within the drilling and spacing unit shall be treated as the owner of the landowner's royalty to the extent of 12.5% of its record title interest, whatever that interest may be, until such time as the consenting owners recover, only out of each nonconsenting owner's proportionate 87.5% share of production, the costs specified in C.R.S. §34-60-116(7)b, as amended. After recovery of such costs, each unleased nonconsenting mineral owner shall then own its proportionate 8/8ths share of the Well, surface facilities and production, and then be liable for its proportionate share of further costs incurred in connection with the Well as if it had originally agreed to the drilling.
- F. And further providing that the operator of the Well drilled on the above-described drilling and spacing unit shall furnish the nonconsenting owners with a monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month.
- G. For such other findings and orders as the Commission may deem proper or advisable in the premises.

Dated: May 30, 2013.

Respectfully submitted,

WPX Energy Rocky Mountain, LLC

By: Aretchen VanderWerf
Gretchen VanderWerf Gretchen VanderWerf, PC Attorney for Applicant 1525 17th Street Denver, Colorado 80202 303-298-9939

Applicant's Address:

1001 17th Street, Suite 1200 Denver, Colorado 80202

VERIFICATION

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

Annette Apperson, of lawful age, being first duly sworn upon oath, deposes and says that she is a Staff Landman for WPX Energy Rocky Mountain, LLC, 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.

By: Camette Capperson
Annette Apperson

Subscribed and sworn to before me this <u>28</u> day of May, 2013.

Witness my hand and official seal.

My commission expires: 97-31-

Notary Public

EXHIBIT A

LIST OF INTERESTED PARTIES

Ms. Jennifer Kindred Farmers National Company For Union Pacific Railroad Company 5110 S. Yale, Suite 400 Tulsa, OK 74135

Mr. Sidney R. Lindauer as Agent for Diamond Minerals LLC P.O. Box 626 Parachute, CO 81635

Sidney R. Lindauer, Trustee of the Sidney and Ruth Lindauer Family Trust P. O. Box 626 Parachute, CO 81635

Puckett Land Company Attn: Mr. Ray Anderson, Land Manager 5460 South Quebec Street #250 Greenwood Village, CO 80111

Petroleum Development Corporation Attn: Mr. James R. Schaff Vice President, Land 1775 Sherman Street, Suite 3000 Denver, CO 80203 Location of application well in 7S – 96W



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

IN THE MATTER OF THE APPLICATION OF WPX ENERGY ROCKY MOUNTAIN, LLC FOR AN ORDER POOLING ALL NON-CONSENTING INTERESTS IN THE	CAUSE NO. 479
WILLIAMS FORK FORMATION OF THE MESAVERDE GROUP IN AN ESTABLISHED DRILLING AND SPACING UNIT LOCATED IN THE GRAND VALLEY FIELD AND DESCRIBED AS SECTION 13: NW/4 OF TOWNSHIP 7 SOUTH,	DOCKET NO
RANGE 96 WEST, GARFIELD COUNTY, COLORADO	

SUPPLEMENTAL AFFIDAVIT OF MAILING

STATE OF COLORADO)	
CITY AND COUNTY OF DENVER)	SS

Gretchen VanderWerf, of lawful age, being first duly sworn upon oath, states and declares:

That she is the attorney for WPX Energy Rocky Mountain, LLC, Applicant herein; that on June 3, 2013, she caused a copy of the Application to be deposited in the United States Mail, postage prepaid, addressed to an additional interested party, PDC Energy, Inc. who was not listed on Exhibit A to the Application filed by Applicant on May 30, 2013.

After the Application was filed, Applicant learned that Petroleum Development Corporation has changed its name to PDC Energy, Inc. Its business address remains the same.

The Revised Exhibit A which is attached hereto should replace Exhibit A to the Application filed by Applicant on May 30, 2013.

By: <u>Aretchen VanderWerf</u> Gretchen VanderWerf Subscribed and sworn to before me this 3rd day of June, 2013.

Witness my hand and official seal.

My commission expires: June 6, 2015.

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REVISED EXHIBIT A

LIST OF INTERESTED PARTIES

Ms. Jennifer Kindred Farmers National Company For Union Pacific Railroad Company 5110 S. Yale, Suite 400 Tulsa, OK 74135

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Sidney R. Lindauer, Trustee of the Sidney and Ruth Lindauer Family Trust P. O. Box 626 Parachute, CO 81635

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PDC Energy, Inc. Attn: Mr. James R. Schaff Vice President, Land 1775 Sherman Street, Suite 3000 Denver, CO 80203