

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

IN THE MATTER OF THE APPLICATION OF  
AXIA ENERGY, LLC FOR AN ORDER TO POOL  
ALL INTERESTS IN AN APPROXIMATE 2571.8-  
ACRE UNIT LOCATED IN SECTIONS 1, 2, 11  
AND 12, TOWNSHIP 8 NORTH, RANGE 90  
WEST, 6TH P.M., IN AN UNNAMED FIELD,  
MANCOS AND NIOBRARA FORMATIONS,  
MOFFAT COUNTY, COLORADO.

Cause No. \_\_\_\_\_

Docket No. \_\_\_\_\_

APPLICATION

COMES NOW AXIA ENERGY, LLC (referred to herein as "Applicant"), by its attorneys, Beatty & Wozniak, P.C., and makes this application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to pool all interests within an approximate 2571.8-acre drilling and spacing unit or the development of the Mancos and Niobrara Formations on the following described lands:

Township 8 North, Range 90 West, 6TH P.M.

Section 01: Lots 2,3,5-13, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ ;  
a/d/a ALL

Section 02: Lots 5-20; a/d/a ALL

Section 11: Lots 1-15, SW $\frac{1}{4}$ SW $\frac{1}{4}$ ; a/d/a ALL

Section 12: Lots 1-9, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ ; a/d/a ALL

Moffat County, Colorado (the "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, and is a registered operator in good standing with the Commission.
2. Applicant owns leasehold interests in a substantial portion of the Application Lands and will be the operator in the 2571.8-acre unit.
3. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in 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 other specific Commission Orders applicable to the Mancos and Niobrara Formations underlying the Application Lands.
4. Applicant has concurrently filed with this Application a spacing application ("Spacing Application") requesting that the Commission establish an approximate 2571.8-acre drilling and spacing unit for the Application Lands, requesting to drill and complete an appropriate number of wells in order to efficiently and economically recover the oil, gas and associated hydrocarbons from

within the unit for the development of the Mancos and Niobrara Formations. Said Spacing Application is scheduled to be heard at the September 19, 2013 Commission Hearing.

5. Applicant, pursuant to Commission Rule 530 and/or the provisions of C.R.S. § 34-60-116 (6) and (7), hereby requests an order pooling all interests, including, but not limited to, any nonconsenting interests, in the Application Lands consisting of the 2571.8-acre drilling and spacing unit for the development of the Mancos and Niobrara Formations, said order to apply to the Bulldog EDSU 1-2-11-12-890 ("Well") and the seven subsequent wells drilled in the unit.

6. 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 Well, or any of the seven subsequent well drilled in the unit to the Mancos and Niobrara Formations on the Application Lands.

7. Applicant confirms that the nonconsenting parties' interests in the first eight wells drilled and completed in the 2571.8-acre drilling and spacing unit will be subject to the nonconsent penalties set forth in C.R.S. § 34-60-116(7). If Applicant elects to drill more than eight wells, Applicant will notify nonconsenting parties and give them an opportunity to participate pursuant to Rule 530.

8. 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 wells, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

9. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and the 2571.8-acre drilling and spacing unit for the Mancos and Niobrara Formations should be pooled for the orderly development of the formation, including any nonconsenting interests therein.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in September, 2013, 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 2571.8-acre drilling and spacing unit for the development of the Mancos and Niobrara Formations.

B. Providing that the Commission's pooling order 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 the Well or any of the seven subsequent wells drilled in the unit to the Mancos and Niobrara Formations 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 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 with respect to the first eight wells drilled to develop the Mancos and Niobrara Formations in the 2571.8-acre drilling and spacing unit comprising the Application Lands.

D. Providing that the nonconsenting parties' interests in the first eight wells drilled and completed in the 2571.8-acre drilling and spacing unit will be subject to the nonconsent penalties set forth in C.R.S. § 34-60-116(7).

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

Dated: July \_\_, 2013

Respectfully submitted,

AXIA ENERGY, LLC

By: 

Jamie L. Jost  
Gregory J. Nibert Jr.  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> 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)

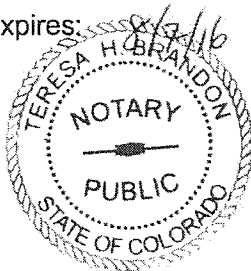
Tab McGinley, Vice President of Land, of Axia Energy, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Tab McGinley  
Vice President of Land

Subscribed and sworn to before this 18<sup>th</sup> day of July, 2013.

Witness my hand and official seal.

My commission expires:



  
\_\_\_\_\_  
Notary Public

[SEAL]

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MOFFAT COUNTY, COLORADO.

Docket No. \_\_\_\_\_

MARY GRACE T. GO-HOVELAND  
Notary Public  
State of Colorado

## EXHIBIT A

AXIA ENERGY, LLC  
1430 LARIMER STREET, SUITE 400  
DENVER, CO 80202

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

OXY USA INC.  
5 GREENWAY PLAZA, SUITE 110  
HOUSTON, TEXAS 77046

BOYD JAMES PELLEY  
1400 EASTBROOKE DR  
MCKINNEY, TX 75071

BEARTOOTH OIL AND GAS COMPANY  
PO BOX 2654  
BILLINGS, MT 59103

CEDAR MTN. LODGE NO. 104 OF THE  
INDEPENDANT ORDER OF ODD FELLOWS IN  
CRAIG, CO  
544 BREEZE ST.  
CRAIG, CO 81625

HRM RESOURCES, LLC  
410 17TH STREET, SUITE 1200  
DENVER, CO 80202

CRAIG REBEKAH LODGE NO. 138 OF THE  
INDEPENDANT ORDER OF ODD FELLOWS IN  
CRAIG, CO  
544 BREEZE ST,  
CRAIG, CO, 81625-0000

SWEPI LP  
PO BOX 576  
HOUSTON, TX 77001

DAVID E GARNER (AND DANA GARNER H/W)  
716 FIELDS LANE  
SIMPSONVILLE, KY 40067-6402

OXY Y-1 COMPANY  
5 GREENWAY PLAZA, SUITE 110  
HOUSTON, TX 77046

GORDON M. HARRIS  
PO BOX 121  
BYERS, CO 80103

YATES PETROLEUM CORPORATION  
105 SOUTH FOURTH STREET  
ARTESIA, NM 88210

GREGORY D. PELLEY  
12877 HILLTOP PL  
KIOWA, CO 80117-9350

MYCO INDUSTRIES, INC.  
105 SOUTH FOURTH STREET  
ARTESIA, NM 88210

GWENDOLYN DAWN MORTENSEN  
PO BOX 1145  
DRAPER, UT 84020

ABO PETROLEUM CORPORATION  
105 SOUTH FOURTH STREET  
ARTESIA, NM 88210

GWENDOLYN DAWN MORTENSEN  
1400 EASTBROOKE DR  
MCKINNEY, TX 75071

JAMES C EBERLE  
813 MICHAEL AVE.  
FORT MORGAN, CO 80701

RONALD LAWTON  
PO BOX 421  
CRAIG, CO 81626

JAMES E. AND PHYLLIS J. HURD  
3715 RIVIERA GROVE, #101  
COLORADO SPRINGS, CO 80922

STATE OF COLORADO  
1127 SHERMAN ST., STE. 300  
DENVER, CO 80203

JOHN L. HILLEWAERT  
840 BARCLAY STREET  
CRAIG, CO 81625

TAMMY J. HOLLINGSWORTH-MEADOWS AS  
TRUSTEE  
OF VADE HOLLINGSWORTH TRUST DATED  
FEBRUARY 3, 2003  
7915 CONTRAILS DR  
COLORADO SPRINGS, CO 80920

LEONARD HARRIS  
PO BOX 121  
BYERS, CO 80103

MOFFAT COUNTY  
BOARD OF COUNTY COMMISSIONERS  
221 WEST VICTORY WAY  
CRAIG, CO 81625

MICHAEL G EBERLE  
4845 WEST US 40  
CRAIG, CO 81625

THE FIRST CONGREGATIONAL CHURCH OF  
CRAIG  
BOX 987  
CRAIG, CO 81626

MUSEUM OF NORTHWEST COLORADO  
590 YAMPA AVENUE  
CRAIG, CO 81625

THE METHODIST CHURCH OF STEAMBOAT  
SPRINGS, CO  
POB 773748  
STEAMBOAT SPRINGS, CO, 80477-3748

NANCY JEAN PELLEY NKA NANCY JEAN  
SKINNER BY AND THROUGH HER  
ATTORNEY-IN-FACT BOYD JAMES PELLE  
1800 FISHERMAN POINT  
TRENTON, MO 64683-0000

THE TRUST AGREEMENTS OF ILDA RUTH  
BOOCO AND GORDON DELOOS BOOCO  
BOX 970  
HAYDEN, CO 81639

RAMONA M GREEN AND WILLIAM W GREEN  
2951 CO RD 18N  
CRAIG, CO 81625

TIMOTHY LEE PELLEY, BY AND THROUGH  
HIS ATTORNEY-IN-FACT BOYD JAMES  
PELLEY  
25923 S 579 LOOP  
AFTON, OK 74331

RONALD E. AND SHIRLEY L. LAWTON  
PO BOX 421  
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WALTER HARRIS  
PO BOX 121  
BYERS, CO 80103

WAYNE A AND JANET N WRIGHT  
PO BOX 896  
CRAIG, CO 81626-0896