

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

IN THE MATTER OF THE APPLICATION OF KERR-)
MCGEE OIL & GAS ONSHORE LP FOR AN ORDER) Cause No. _____
TO POOL ALL INTERESTS IN THREE)
APPROXIMATE 360-ACRE TO 720-ACRE) Docket No. _____
DESIGNATED WELLBORE SPACING UNITS)
LOCATED IN SECTIONS 22, 23, 26, 27, 34 AND 35,)
TOWNSHIP 2 NORTH, RANGE 67 WEST, 6TH P.M.,)
AND SECTIONS 23, 26 AND 35, TOWNSHIP 2)
NORTH, RANGE 67 WEST, 6TH P.M. FOR THE)
CODELL AND NIOBRARA FORMATIONS,)
WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

APPLICATION

COMES NOW Kerr-McGee Oil & Gas Onshore LP (referred to herein as "Applicant"), by and through its undersigned attorneys, and makes application to the Colorado Oil and Gas Conservation Commission ("Commission"), for an order to pool all interests within three designated wellbore spacing units to produce oil, gas and associated hydrocarbons from the Codell and Niobrara Formations for the following described lands:

Dugite 34N-35HZ Well (API No. Pending):

Township 2 North, Range 67 West, 6th P.M.

Section 22: SE $\frac{1}{4}$ SE $\frac{1}{4}$ ("WSU#1" - 720 Acres - Niobrara Formation)

Section 23: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$

Section 27: E $\frac{1}{2}$ E $\frac{1}{2}$

Section 34: E $\frac{1}{2}$ E $\frac{1}{2}$

Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

Dugite 13C-35HZ Well (API No. Pending):

Township 2 North, Range 67 West, 6th P.M.

Section 23: SW $\frac{1}{4}$ SW $\frac{1}{4}$ ("WSU#2" - 360 Acres - Codell Formation)

Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$

Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

Dugite 13N-35HZ Well (API No. Pending):

Township 2 North, Range 67 West, 6th P.M.

Section 23: S $\frac{1}{2}$ SW $\frac{1}{4}$ ("WSU#3" - 720 Acres - Niobrara Formation)

Section 26: W $\frac{1}{2}$

Section 35: W $\frac{1}{2}$

Weld County, Colorado (together "Application Lands").

In support thereof, the Applicant states and alleges as follows:

1. Applicant is a limited partnership formed under the laws of the State of Delaware; is a wholly owned subsidiary of Anadarko Petroleum Corporation; is duly authorized to conduct business in the State of Colorado; and is a registered operator in good standing with the Commission.

2. Applicant owns certain interests in the Application Lands.

3. On February 19, 1992, the Commission entered Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1.

4. 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 allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A for the Niobrara and Codell Formations.

5. Pursuant to Rule 318A.e, Applicant designated three approximate 360-acre to 720-acre wellbore spacing units for the Dugite 34N-35HZ Well in WSU#1, the Dugite 13C-35HZ Well in WSU#2, and the Dugite 13N-35HZ Well in WSU#3 for the production of oil, gas and associated hydrocarbons from Codell and Niobrara Formations, as applicable. Applicant notified all owners in each proposed wellbore spacing unit pursuant to Rule 318A.e.(6), as applicable. Applicant did not receive objections to the establishment of the proposed wellbore spacing units within the 30-day response period and, as such, certifies to the Commission that it did not receive objections to well locations, proposed spacing units, or proposed formations.

6. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests, including but not limited to, any nonconsenting interests, in the Dugite 34N-35HZ Well for development and operation of the Niobrara Formation underlying the following designated 720-acre wellbore spacing unit:

Township 2 North, Range 67 West, 6th P.M.
Section 22: SE $\frac{1}{4}$ SE $\frac{1}{4}$ ("WSU#1")
Section 23: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$
Section 27: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 34: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

7. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, also seeks an order pooling all interests, including but not limited to, any nonconsenting interests, in the Dugite 13C-35HZ Well for development and operation of the Codell Formation underlying the following designated 360-acre wellbore spacing unit:

Township 2 North, Range 67 West, 6th P.M.
Section 23: SW $\frac{1}{4}$ SW $\frac{1}{4}$ ("WSU#2")
Section 26: W $\frac{1}{2}$ W $\frac{1}{2}$
Section 35: W $\frac{1}{2}$ W $\frac{1}{2}$

8. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, also seeks an order pooling all interests, including but not limited to, any nonconsenting interests, in the

Dugite 13N-35HZ Well for development and operation of the Niobrara Formation underlying the following designated 720-acre wellbore spacing unit:

Township 2 North, Range 67 West, 6th P.M.
Section 23: S $\frac{1}{2}$ SW $\frac{1}{4}$ ("WSU#3")
Section 26: W $\frac{1}{2}$
Section 35: W $\frac{1}{2}$

9. That certain royalty owners whose oil and gas leases pre-date the widespread use of horizontal drilling and did not contemplate formation of horizontal wellbore spacing units under Rule 318A have not agreed to participate in the wellbore spacing units for purposes of royalty payments. Applicant has contacted each of these royalty owners, or has made diligent efforts to do so, to obtain their consent to participate in the wellbore spacing units for purposes of royalty payments. Applicant has not been able to contact some of these individuals, or has received no response from them.

10. 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 Dugite 34N-35HZ Well in WSU#1, the Dugite 13C-35HZ Well in WSU#2, and the Dugite 13N-35HZ Well in WSU#3, to the Codell and Niobrara Formations, as applicable.

11. 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 as applicable.

12. That in order to prevent waste and to protect correlative rights, all interests in WSU#1, WSU#2, and WSU#3 be pooled for the orderly development of the Codell and Niobrara Formations, as applicable, including any nonconsenting interests therein.

WHEREFORE, Applicant 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, the Commission enter its order:

A. Pooling all interests in the Dugite 34N-35HZ Well and WSU#1 for the development of the Niobrara Formation.

B. Providing that the Commission's pooling order with respect to WSU#1 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 in WSU#1 to the Niobrara Formation.

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 Dugite 34N-35HZ Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), and made subject to the cost recovery provisions thereof with respect to the Dugite 34N-35HZ Well.

D. Pooling all interests in the Dugite 13C-35HZ Well and WSU#2 for the development of the Codell Formation.

E. Providing that the Commission's pooling order with respect to WSU#2 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 in WSU#2 to the Codell Formation.

F. 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 Dugite 13C-35HZ Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), and made subject to the cost recovery provisions thereof with respect to the Dugite 13C-35HZ Well.

G. Pooling all interests in the Dugite 13N-35HZ Well and WSU#3 for the development of the Niobrara Formation.

H. Providing that the Commission's pooling order with respect to WSU#3 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 in WSU#3 to the Niobrara Formation.

I. 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 Dugite 13N-35HZ Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), and made subject to the cost recovery provisions thereof with respect to the Dugite 13N-35HZ Well.

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

DATED this 27 day of February, 2014.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: 

Robert A. Willis

Jillian Fulcher

Beatty & Wozniak, P.C.

Attorneys for Applicant

216 16th Street, Suite 1100

Denver, Colorado 80202

Address of Applicant

Kerr-McGee Oil & Gas Onshore LP

ATTN: Gordon R. Palmer

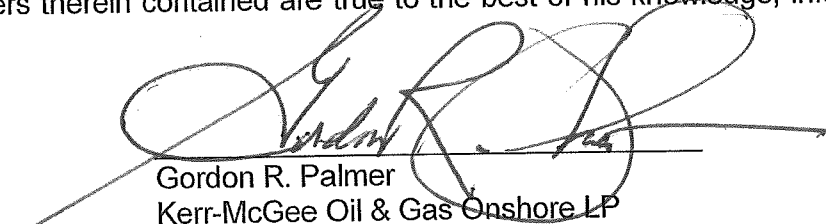
1099 18th Street, Suite 1800

Denver, Colorado 80202

VERIFICATION

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

Gordon R. Palmer of lawful age, being first duly sworn upon oath, deposes and says that he is a Staff Landman for Kerr-McGee Oil & Gas Onshore LP 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.



Gordon R. Palmer
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this 25th day of February, 2014.

Witness my hand and official seal.

[SEAL]

My commission expires: 8/8/2015


Notary Public

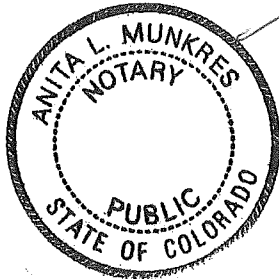


EXHIBIT A
Interested Parties

Kerr-McGee Oil & Gas Onshore, LP
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Donald Tretter and Sherri Tretter
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Denette Vonasek
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Janice Owen, Trustee of Trust
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William Robert and
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Laura Lee Zermuehlen
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Crosswind Resources, LLC
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Blue Ridge Energy, LLC
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J and J Energy, LLC
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Show Low, AZ 85901

Kaiser-Francis Oil Co.
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J. Cleo Thompson & James Cleo
Thompson, Jr., a Partnership
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Dallas, TX 75201

G.W. Breuer, Trustee of the G.W.
Breuer Trust U/A Dated 7/5/90
8091 S. Ireland Way
Aurora, CO 80016

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CODELL AND NIOBRARA FORMATIONS,)
WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. _____

Docket No. _____

AFFIDAVIT OF MAILING

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

Jennifer Pittenger of lawful age, and being first duly sworn upon her oath, states and declares:

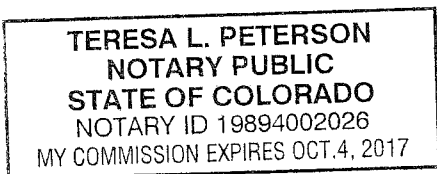
That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for Kerr-McGee Oil & Gas Onshore LP, and on or before March 6, 2014, caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

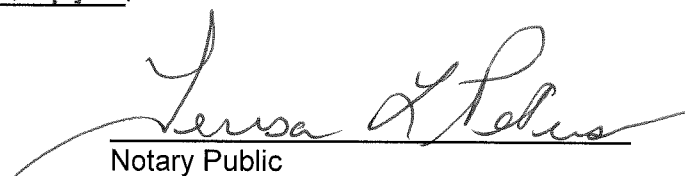

Jennifer Pittenger

Subscribed and sworn to before me February 27 2014.

Witness my hand and official seal.

My commission expires: 10-04-17.




Notary Public