

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

|                                       |   |                       |
|---------------------------------------|---|-----------------------|
| IN THE MATTER OF THE PROMULGATION AND | ) | CAUSE NO. 407         |
| ESTABLISHMENT OF FIELD RULES TO       | ) |                       |
| GOVERN OPERATIONS IN THE WATTENBERG   | ) | DOCKET NO. 1004-UP-22 |
| FIELD, WELD COUNTY, COLORADO          | ) |                       |

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On December 19, 1983, the Commission issued Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell Formation underlying certain lands, including Sections 2 and 11, Township 2 North, Range 68 West, 6<sup>th</sup> P.M., with the drilling and spacing unit to be designated by the operator drilling the first well in the quarter section, (or the Director, if the operator fails to designate). The permitted well shall be located in the center of either 40-acre tract within the drilling and spacing unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit.

On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993), which among other things, established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell and Niobrara Formations underlying certain lands, including Sections 2 and 11, Township 2 North, Range 68 West, 6<sup>th</sup> P.M., with the permitted well locations in accordance with the provisions of Order No. 407-1.

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, among other things, allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. Sections 2 and 11, Township 2 North, Range 68 West, 6<sup>th</sup> P.M. are subject to this Rule for the Codell and Niobrara Formations.

In December 2008, Kerr-McGee Oil & Gas Onshore LP (“Kerr-McGee”) designated a 160-acre wellbore spacing unit for the below-described lands for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations and notified the appropriate parties under Rule 318A.e.(6). Kerr-McGee did not receive any objections to such 160-acre wellbore spacing unit designation and certified the same to the Commission in December 2008.

On February 3, 2010, Kerr-McGee, by its attorneys, filed with the Commission a verified application to pool all nonconsenting interests in the following wellbore spacing unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations in the proposed **Varra #35-2 Well**, with a planned bottomhole location of 90 feet FSL and 1,300 feet FWL in Section 2, Township 2 North, Range 68 West, 6<sup>th</sup> P.M.) effective as of the spud date of the well:

Township 2 North, Range 68 West, 6<sup>th</sup> P.M.  
Section 2: S½ SW¼  
Section 11: N½ NW¼

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

|        |                                                                                   |
|--------|-----------------------------------------------------------------------------------|
| Date:  | Thursday, April 29, 2010<br>Friday, April 30, 2010                                |
| Time:  | 9:00 a.m.                                                                         |
| Place: | Suite 801, The Chancery Building<br>1120 Lincoln Street<br>Denver, Colorado 80203 |

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

**In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than April 15, 2010, briefly stating the basis of the protest or intervention.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of April 19, 2010.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **April 15, 2010, the Applicant may request that an administrative hearing be scheduled during the week of April 19, 2010.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By \_\_\_\_\_  
Carol Harmon, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
March 29, 2010

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