

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 371
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS IN THE BUZZARD FIELD, MESA) DOCKET NO. 1010-SP-36
COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. The below-listed lands are subject to this Rule for the Williams Fork and Iles Formations:

Parcel One

Township 8 South, Range 95 West, 6th P.M.
Section 36: SW $\frac{1}{4}$

Mesa County, Colorado

On May 21, 1981, The Commission issued Order No. 371-1 which established 160-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Mesaverde Formation underlying described lands and further ordered that the permitted well shall be located no closer than 660 feet from the boundaries of the unit, and the wells drilled and completed in the Mesaverde Formation prior to the order shall be the permitted wells for the units upon which they are located. The below-listed lands are subject to this spacing order:

Parcel Two

Township 9 South, Range 95 West, 6th P.M.
Section 13: W $\frac{1}{2}$

Mesa County, Colorado

On September 1, 2010, Axia Energy, LLC, (Applicant) by its attorneys, filed with the Commission a verified application covering the following lands (Application Lands):

Parcel One

Township 8 South, Range 95 West, 6th P.M.
Section 36: SW $\frac{1}{4}$

Mesa County, Colorado

and

Parcel Two

Township 9 South, Range 95 West, 6th P.M.
Section 13: W $\frac{1}{2}$

Mesa County, Colorado

With regard to Parcel One, Applicant requests the equivalent of one well per 10 acres to be optionally drilled for the production of gas and related hydrocarbons from the Williams Fork and Iles Formations of the Mesa Verde Group, with permitted wells to be located no closer than 100 feet from lease lines, unless an exception is granted by the Director of the Commission. However, in cases where Parcel One lands abut or corner lands where the Commission has not granted the right to drill 10 acre density wells in the Williams Fork Formation or Iles Formation of the Mesa Verde Group at the time of drilling permit application, the wells should be located downhole no closer than 200 feet from lease lines abutting or cornering such lands unless an exception is granted by the Director of the Commission.

With regard to Parcel Two, Applicant requests the equivalent of one well per 10 acres to be optionally drilled for the production of gas and related hydrocarbons from the Williams Fork and Iles Formations of the Mesa Verde Group, with permitted wells to be located no closer than 100 feet from the drilling and spacing unit boundary where immediately adjacent or cornering ("Contiguous") lands have 10

acre drilling density, and no closer than 200 feet from the drilling and spacing unit boundary where Contiguous lands do not have 10 acre drilling density, unless an exception is granted by the Director of the Commission.

With regard to the Iles Formation, Applicant further asserts that the Commission should allow 10 acre density for the Iles Formation because the option to complete a well to the Iles Formation is economic and efficient when completed within a Williams Fork wellbore. Applicant asserts that the Iles Formation would not be exploited or developed without this option.

Applicant requests that the Commission allow wells drilled under this Application to be drilled from the surface either vertically or directionally from no more than one (1) pad located on a given quarter-quarter section (or lots or parcels approximately equivalent thereto) unless exception is granted by the Commission pursuant to application made for such exception.

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, October 21, 2010
Friday, October 22, 2010

Time: 9:00 a.m.

Place: West Garfield Campus, Colorado Mountain College
3695 Airport Road
Rifle, Colorado 81650

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 October 6, 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 October 11, 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 **October 6, 2010, the Applicant may request that an administrative hearing be scheduled during the week of October 11, 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
September 24, 2010

Attorneys for Applicant:
Jamie L. Jost/Michael J. Wozniak
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499