

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

IN THE MATTER OF THE PROMULGATION AND	)	CAUSE NOS. 232 & 407
ESTABLISHMENT OF FIELD RULES TO GOVERN	)	
OPERATIONS IN THE SPINDLE FIELD, WELD	)	DOCKET NO. 1106-UP-68
COUNTY, COLORADO	)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On October 19, 1981, the Commission issued Order No. 232-23, which among other things, established 320-acre drilling and spacing units and approved a second well within each unit, for certain lands, including Section 35, Township 1 North, Range 67 West, 6<sup>th</sup> P.M. and Section 2, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., for the production of gas from the "J" Sand Formation.

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 Section 35, Township 1 North, Range 67 West, 6<sup>th</sup> P.M. and Section 2, Township 1 South, Range 67 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 Section 35, Township 1 North, Range 67 West, 6<sup>th</sup> P.M. and Section 2, Township 1 South, Range 67 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. Section 35, Township 1 North, Range 67 West, 6<sup>th</sup> P.M. and Section 2, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. are subject to this Rule for the Codell, Niobrara and "J" Sand Formations.

On April 28, 2011, Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee" or "Applicant"), by its attorneys, filed with the Commission a verified application (the "Application") to pool all nonconsenting interests in a designated approximate 160-acre wellbore spacing unit for the below-listed lands (to accommodate the Dry Creek #35-35 Well (the "Well"), API #05-123-31018, with a planned bottomhole location of 50 feet FSL and 1,320 feet FWL in Section 35, Township 1 North, Range 67 West, 6<sup>th</sup> P.M.), for the development and operation of the Codell, Niobrara and "J" Sand Formations, retroactive to the earliest date costs are incurred for the Well as allowed by §34-60-116(7), C.R.S., or the date of the Application, whichever is earlier:

Township 1 North, Range 67 West, 6<sup>th</sup> P.M.  
Section 35: S½ SW¼

Township 1 South, Range 67 West, 6<sup>th</sup> P.M.  
Section 2: 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:           Monday, June 27, 2011  
                  Tuesday, June 28, 2011

Time: 9:00 a.m.

Place: Elbert County Fairgrounds  
Ag Building  
95 Ute Avenue  
Kiowa, CO 80117

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 June 13, 2011, 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 June 13, 2011.** 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 **June 13, 2011, the Applicant may request that an administrative hearing be scheduled during the week of June 13, 2011.** 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   
Robert A. Willis, Acting Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
May 13, 2011

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