

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 POOLING ALL WORKING, )  
UNLEASED AND/OR NONCONSENTING )  
INTERESTS IN THE CODELL AND NIOBRARA )  
FORMATIONS IN A 160-ACRE DESIGNATED )  
WELLBORE SPACING UNIT LOCATED IN )  
THE WATTENBERG FIELD, WELD COUNTY, )  
COLORADO )

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

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

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 a 160-acre designated wellbore spacing unit for the drilling of a well to produce oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations located in a portion of Sections 2 and 3, Township 2 North, Range 65 West and a portion of Sections 34 and 35, Township 3 North, Range 65 West, 6<sup>th</sup> P.M. Weld County, Colorado. 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, and is duly authorized to conduct business in the State of Colorado.

2. Applicant owns certain interests in the following lands:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M.  
Section 3: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Weld County, Colorado ("Application Lands").

3. 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 the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), 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 the Application Lands, 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.

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 Formation 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. The lands encompassing the wellbore spacing unit are subject to this Rule for the Codell, Niobrara, and J-Sand Formations.

5. Applicant designated a 160-acre wellbore spacing unit, as described below, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations pursuant to Rule 318A and notified the appropriate parties under Rule 318A.e. Applicant did not receive any objections to the establishment of the proposed 160-acre wellbore spacing unit within the 20-day response period. Applicant hereby certifies to the Commission that it has not received any objections to the well location, proposed spacing unit or proposed formations.

6. Applicant, pursuant to Commission Rule 530 and pursuant to the provisions of C.R.S. § 34-60-116 (6) and (7), seeks an order to statutorily pool all interests not voluntarily pooled (including working interests) in the Codell and Niobrara Formations underlying the following described 160-acre wellbore spacing unit:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M.  
Section 2: NW $\frac{1}{4}$ NW $\frac{1}{4}$   
Section 3: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Township 3 North, Range 65 West, 6<sup>th</sup> P.M.  
Section 34: SE $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 35: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Weld County, Colorado (referred to herein as the "Wellbore Spacing Unit").

7. Applicant proposes to drill the Cannon 26-3 Well ("Well") within the designated Wellbore Spacing Unit with a surface location in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 3, Township 2 North, Range 65 West, and a bottomhole location 50' FNL, 50' FEL of Section 3, Township 2 North, Range 65 West. Applicant holds an approved Application for Permit to Drill for the Well in the designated 160-acre wellbore spacing unit. A Well Location Certificate for the Well is attached hereto.

8. Exhibit A attached hereto lists working interest owners, unleased mineral interest owners (if any), and/or royalty interest owners for the Wellbore Spacing Unit together with their addresses. All working interest owners (not otherwise voluntarily pooled) have been offered the opportunity to voluntarily participate in the drilling of the Wellbore Spacing Unit Well. As applicable, to date, however, not all of such working interest owners have elected to participate by agreeing to bear their respective proportionate shares of the costs and risks of drilling, completing and operating the well. An Authority for Expenditure ("AFE") containing the information respecting this well required by Commission Rule 530.b. was sent to each of these working interest owners more than thirty (30) days prior to the date of the hearing on this Application. Exhibit A also lists all unleased mineral owners, if any, within the Wellbore Spacing Unit. As applicable, all unleased mineral owners (not otherwise voluntarily pooled) have been offered the opportunity to participate in the drilling of the Wellbore Spacing Unit Well. To date, however, not all of such owners have elected to participate by agreeing to bear their proportionate shares of the costs and risks of drilling, completing and operating the well.

In addition and as applicable, Applicant has made offers to lease each of these unleased mineral owners (not otherwise voluntarily pooled) as required by Commission Rule 530.c. and C.R.S. § 34-60-116(7)(d). To date, however, not all of such unleased mineral owners have accepted such offers. Such offers to participate in drilling or to lease were sent to these unleased mineral interest owners more than thirty (30) days prior to the date of the hearing on this Application.

9. Applicant requests that the Commission's statutory pooling order, and all costs associated with the Well and this statutory pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

10. Notice of this Application has been provided to those parties listed on Exhibit A attached hereto.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice thereof be given as required by law and that upon such hearing this Commission enter its order:

A. Statutorily pooling all of the working interest owners listed on Exhibit A with whom Applicant has been unable to secure an agreement for the drilling of the Cannon 26-3 Well and establishing that such working interest owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to the all of the terms, costs, and penalties provided for therein.

B. Statutorily pooling all of the unleased mineral interest owners, if any, listed on Exhibit A with whom Applicant has been unable to secure a lease or an agreement for the drilling of the Well and that such owners be treated as non-consenting owners under C.R.S. § 34-60-116 and made subject to all of the terms, costs, and penalties provided for therein.

C. Establishing that all interest owners in the Wellbore Spacing Unit which are not voluntarily pooled in the Wellbore Spacing Unit shall be statutorily pooled.

D. Establishing that the Commission's statutory pooling order, and all costs associated with the Cannon 26-3 Well and this statutory pooling, issued with respect to this Application be retroactive to the earliest date costs are incurred for the Cannon 26-3 Well as allowed by C.R.S. § 34-60-116(7), or the date of this Application, whichever is earlier.

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

DATED this \_\_\_ day of July, 2011.

Respectfully submitted,

**KERR-MCGEE OIL & GAS ONSHORE LP**

By: \_\_\_\_\_

Jamie L. Jost  
William Keefe  
Elizabeth Y. Gallaway  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499

Applicant's Address:  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, Colorado 80202

VERIFICATION

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

Jason Rayburn, of lawful age, being first duly sworn upon oath, deposes and says that he is a 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.

Name: \_\_\_\_\_

Subscribed and sworn to before this \_\_\_\_ day of July, 2011.

Witness my hand and official seal.

[SEAL]

My commission expires: \_\_\_\_\_

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

**EXHIBIT A**  
**Interested Parties**

Working Interest Owners

Joyce Ann Pirtle  
3600 Concord Pl.  
Tyler, TX 75701-7546

Pirtle Properties  
3600 Concord Pl.  
Tyler, TX 75701-7546

Janet Wallace  
P.O. Box 3512  
McAllen, TX 78502-3512

Robert S. Pirtle  
P.O. Box 1310  
Tyler, TX 75710-1310

BGSPE Energy, Ltd.  
P.O. Box 509  
Tyler, TX 75710-0509

Martin J. Harrington, Jr.  
2236 South Jackson St.  
Denver, CO 80210

Noble Energy Inc.  
1625 Broadway, Suite 2200  
Denver, CO 80202

Royalty Interest Owners

Anadarko E&P Company, LP  
P.O. Box 1330  
Houston, TX 77251

Charlotte Lynn Harkis  
23056 County Road 34 ½  
LaSalle, CO 80645

Cannon Land Company  
3575 Cherry Creek North Drive  
Denver, CO 80209

Front Range Resources, LLC  
999 18th Street, Suite N270  
Denver, CO 80202

Wes Moser Inc.  
P.O. Box 205  
Fort Lupton, CO 80621

Ruth Ann Southwick  
1853 State Hwy 66  
Estes Park, CO 80517

Farmers Reservoir and Irrigation Company  
80 South 27th Ave.  
Brighton, CO 80601

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**AFFIDAVIT OF MAILING**

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

Elizabeth Y. Gallaway of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Kerr-McGee Oil & Gas Onshore LP, that on or before July \_\_\_\_, 2011, she 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.

\_\_\_\_\_  
Elizabeth Y. Gallaway

Subscribed and sworn to before me July \_\_\_\_ 2011.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

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