

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

IN THE MATTER OF THE APPLICATION OF)
SWEPI LP FOR AN ORDER ESTABLISHING A)
220 ACRE DRILLING AND SPACING UNIT)
FOR THE PRODUCTION OF OIL AND GAS)
AND ASSOCIATED HYDROCARBONS FROM) Cause No.
ONE HORIZONTAL WELL IN THE NIOBRARA)
FORMATION, SUCH SPACING UNIT BEING) Docket No.
DESCRIBED AS THE S/2SW/4SE/4, SE/4SE/4)
OF SECTION 20 AND N/2NE/4NE/4,)
SE/4NE/4NE/4, NW/4NE/4, NW/4SW/4NE/4,)
NE/4NW/4, SW/4NW/4NW/4, NE/4SW/4NW/4,)
N/2SE/4NW/4 OF SECTION 29, TOWNSHIP 5)
NORTH, RANGE 90 WEST, 6TH P.M., MOFFAT)
COUNTY, COLORADO)

APPLICATION

SWEPI LP ("Applicant"), by and through its attorneys, Holland & Hart LLP, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing a 220-acre drilling and spacing unit for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, such proposed spacing unit described as follows:

Township 5 North, Range 90 West, 6th P.M.

Section 20: S/2SW/4SE/4, SE/4SE/4

Section 29: N/2NE/4NE/4, SE/4NE/4NE/4, NW/4NE/4, NW/4SW/4NE/4,
NE/4NW/4, SW/4NW/4NW/4, NE/4SW/4NW/4, N/2SE/4NW/4

Moffat County, Colorado ("Application Lands").

In support thereof, Applicant states and alleges as follows:

1. Applicant is a limited partnership duly authorized to conduct business in the State of Colorado.
2. Applicant holds substantial leasehold interests in the Application Lands. A reference map of the Application Lands is attached as Exhibit B.
3. The Application Lands are subject to Commission Rule 318.a. which provides that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon

hearing. There are no other specific Commission Orders applicable to the Niobrara Formation underlying the Application Lands.

4. The Niobrara Formation in this area is defined as the stratigraphic equivalent of the interval between 2,979 (MD TVD) feet and 4,279 (MD TVD) feet as found in the Gilbert Myers 1-29 Well located in the NE/4NW/4 of Section 29, Township 5 North, Range 90 West. The Gilbert Myers 1-29 Well is a vertical well which has been plugged and abandoned. The Niobrara Formation is a common source of supply underlying the Application Lands.

5. The oil and gas estates in all of the Application Lands are privately owned.

6. A portion of the Application Lands, comprising 140 acres and described below, are fully committed to the Williams Fork Unit, a federal exploratory unit agreement approved by the Bureau of Land Management, United States Department of the Interior ("Unit Lands"):

Township 5 North, Range 90 West, 6th P.M.

Section 20: S/2SW/4SE/4, SE/4SE/4

60.00 acres

Williams Fork Unit Tract 1A

Section 29: NE/4NW/4, SW/4NW/4NW/4, NE/4SW/4NW/4, N/2SE/4NW/4

80 acres

Williams Fork Unit Tract 3A

7. The Applicant is the operator of the Williams Fork Unit and owns 100% of the working interest in the Unit Lands; and 96.875% of the working interest in the remaining 80.00 acres of the Application Lands, which are not committed to the Williams Fork Unit.

8. Applicant has horizontally drilled the Harper Hill I-29 Well within the proposed 220-acre drilling and spacing unit, as shown on the plat attached hereto as Exhibit B. The Harper Hill I-29 Well has a surface hole location 1549 feet FNL and 1397 feet FWL of Section 29, Township 5 North, Range 90 West and a terminus 24 FSL and 727 FEL of Section 20, Township 5 North, Range 90 West.

9. Applicant requests that the Commission establish a 220-acre drilling and spacing unit for the production of oil and gas and associated hydrocarbons producible from the Niobrara Formation underlying the Application Lands. Applicant confirms that it is not changing any established distribution of proceeds for production from the Harper Hill I-29 Well or any other Niobrara well located on the Application Lands.

10. Applicant asserts that a 220-acre drilling and spacing unit will allow for economic and efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Niobrara Formation. A 220-acre drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the Harper Hill I-29 Well.

11. The treated interval of the Harper Hill I-29 Well, which is drilled to a depth of maximum 3,671 (MD TVD) feet, is located not less than six hundred (600) feet from any nonunitized lease line and is located not less than one thousand two hundred (1,200) feet from any other producible or drilling Niobrara well.

12. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

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

A. Establishing a 220-acre drilling and spacing unit for the production of oil and gas and associated hydrocarbons from the Niobrara Formation on the Application Lands;

B. Approving the surface location and horizontal lateral for the Harper Hill I-29 Well as located no closer than 600 feet from any nonunitized lease line;

C. Finding that the 220-acre drilling and spacing unit for the Niobrara Formation will prevent waste, protect correlative rights, and will maximize the efficient and economic production of the Niobrara Formation on the Application Lands; and

D. Granting any other relief as may be appropriate.

Dated this 23rd day of November, 2011.

Respectfully Submitted,

SWEPI LP

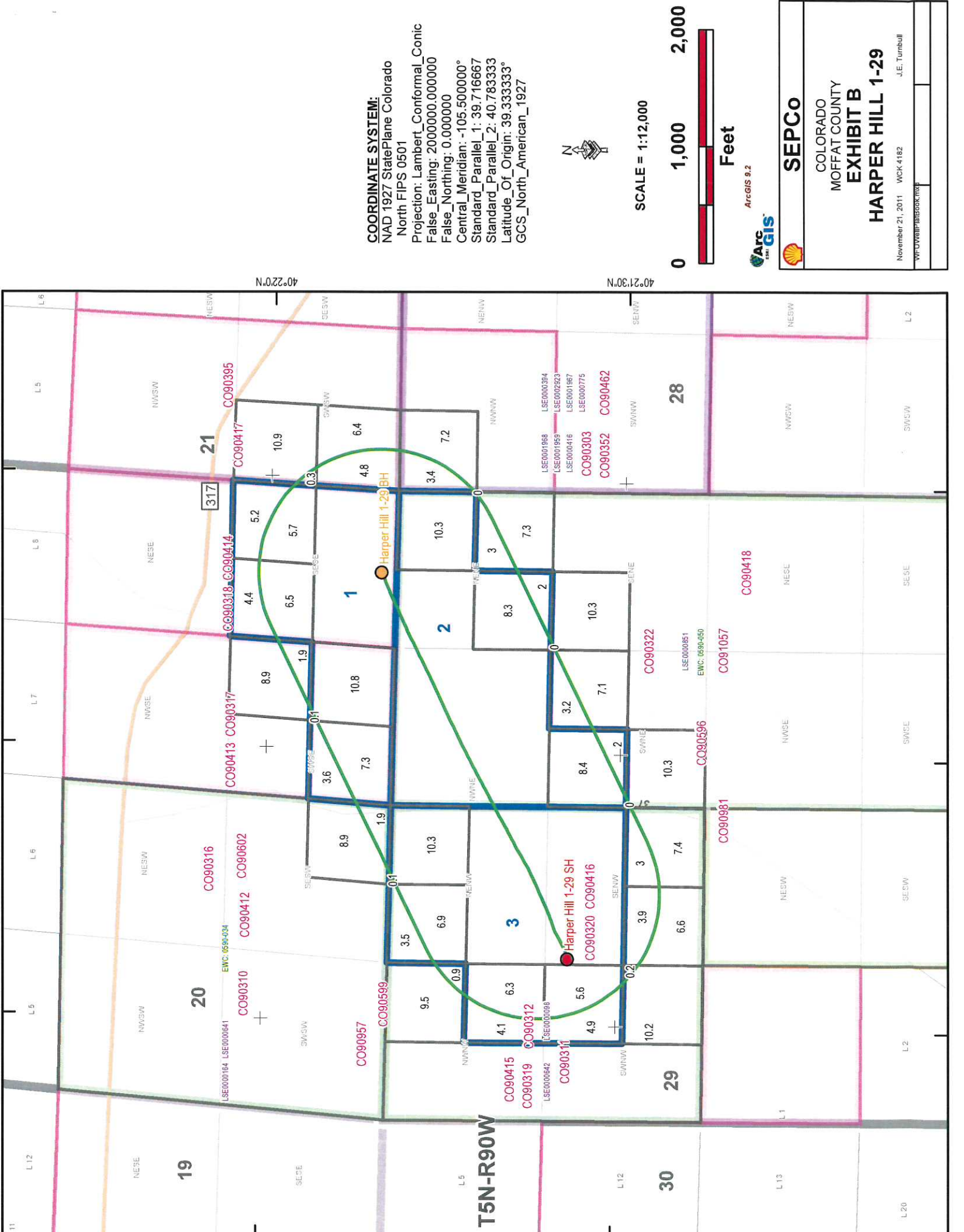
By: 

Janet N. Harris
Holland & Hart LLP
Attorneys for Applicant
555 Seventeenth Street, Suite 3200
Denver, Colorado 80202

Applicant's Address:
200 N. Dairy Ashford
WCK 4374
Houston, Texas 77079

EXHIBIT A

Next Energy, LLC
4600 South Ulster Street, Suite 1225
Denver, CO 80237



COORDINATE SYSTEM:
 NAD 1927 StatePlane Colorado
 North FIPS 0501
 Projection: Lambert_Conformal_Conic
 False_Easting: 2000000.000000
 False_Northing: 0.000000
 Central_Meridian: -105.500000°
 Standard_Parallel_1: 39.716667
 Standard_Parallel_2: 40.783333
 Latitude_Of_Origin: 39.333333°
 GCS_North_American_1927



SCALE = 1:12,000

0 1,000 2,000



Feet



SEPCO	
COLORADO MOFFAT COUNTY EXHIBIT B HARPER HILL 1-29	
November 21, 2011	WCK 4182
WFOV@STATEBOOK.NMIX	J.E. Turnbull

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NORTH, RANGE 90 WEST, 6TH P.M., MOFFAT)
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Cause No.

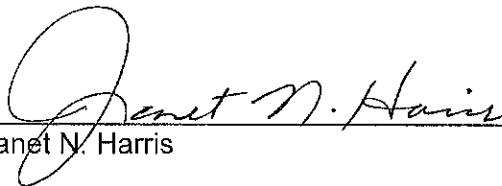
Docket No.

AFFIDAVIT OF MAILING

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

Janet N. Harris, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for SWEPI LP, that on or before November 23, 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.



Janet N. Harris

Subscribed and sworn to before me this 23rd day of November, 2011.

Witness my hand and official seal.

[SEAL] 

My Commission Expires 09/26/2015
My commission expires: 9/26/15



Notary Public