

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

IN THE MATTER OF THE APPLICATION OF)
CHESAPEAKE EXPLORATION, LLC FOR AN) Cause Nos. 407 & 535
ORDER ESTABLISHING A DRILLING AND)
SPACING UNIT FOR THE NIOBRARA) Docket No. _____
FORMATION IN WELD COUNTY, COLORADO)

Chesapeake Exploration, LLC ("Applicant"), by and through its undersigned attorneys, submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing one 320-acre drilling unit for horizontal well development of the Niobrara Formation in the following land within the Greater Wattenberg Area ("GWA"):

Township 7 North, Range 63 West, 6th P.M.
Section 26: W2


Applicant further requests that it be allowed to drill one (1) horizontal well in the proposed drilling unit. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a company duly authorized to conduct business in Colorado, and has registered as an operator with the Commission.
2. Applicant owns substantial leasehold interests in the Application Lands.
3. The Application Lands are unspaced with respect to the Niobrara Formation and are subject to Rule 318A, which, among other things, established drilling windows to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle production from formations between the base of the Dakota Formation to the surface.
4. Applicant requests the right to drill one horizontal well in the Niobrara Formation in the drilling unit proposed to be established pursuant to this Application, with the treated interval of the wellbore(s) to be no closer than 460 feet from the boundaries of the unit (regardless of lease lines within the unit). The surface location for such well(s) shall be within a GWA drilling window, and shall be subject to the twinning requirements of Rule 318A.c unless surface owner approval for a different location is obtained.
5. In order to promote efficient drainage of the Niobrara Formation underlying the application lands, to prevent waste, and to protect correlative rights, the Commission should establish the drilling unit as requested herein for the drilling of one horizontal well in said unit, which unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed well.
6. According to the information and belief of Applicant, the names and addresses of the interested parties hereto are set forth in Exhibit A; and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in March, 2012, that notice be given as required by law, and that upon such hearing this Commission enter its order consistent with Applicant's petition as set forth above.

Dated January 5, 2012.

Respectfully submitted,
Welborn Sullivan Meck & Tooley, P.C.

By: 

Stephen J. Sullivan
Attorneys for Applicant

Attorneys address:
1125 - 17th Street, Suite 2200
Denver, CO 80202
303-830-2500

Applicant's Address:
Chseapeake Exploration, LLC
Attn: Nick Watkins
P.O. Box 18496
Oklahoma City, OK 73154

VERIFICATION

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

Nick Watkins, of lawful age, upon oath deposes and says that he is District Landman for Chesapeake Exploration, LLC, that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.



Nick Watkins, District Landman

Subscribed and sworn to before me this 4th day of January, 2012 by Nick Watkins as District Landman for Chesapeake Exploration, LLC.

Witness my hand and official seal.



Melissa Chasteen
Notary Public

My commission expires: 9/23/15

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AFFIDAVIT OF MAILING

STATE OF COLORADO §
CITY AND COUNTY OF DENVER §

I, Stephen J. Sullivan, of lawful age, and being first duly sworn upon my oath, state and declare:

That I am the attorney for Chesapeake Exploration, LLC and that on or before January 5, 2012, I 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.

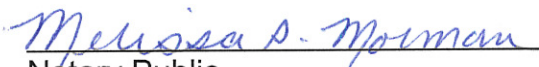


Stephen J. Sullivan

Subscribed and sworn to before me January 5, 2012.

Witness my hand and official seal.





Notary Public

My commission expires: 7/29/2013

EXHIBIT A

INTERESTED PARTIES

Chesapeake Exploration, LLC
Attn: Nick Watkins
P.O. Box 18496
Oklahoma City, OK 73154



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7N 62W

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WELD
7N 63W

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Legend

Leasehold

- CHK & Co-venturers 100%
- Partial CHK
- 3rd Party
- Unleased
- Railroad
- Interstate
- Highway
- Waterway

Rockies District

Spacing Application Section 26-7N-63W

Chesapeake Leasehold

MT	ND	Updated: 1/4/2012
WY	SD	Scale: 1 inch = 0 miles
UT	NE	Author: Billy T. Vo
AZ	KS	Projection: NAD 1983 UTM Zone 13N
	TX	
	OK	

Chesapeake ENERGY

0.025 0.05 0.1 0.165 0.22

Miles