

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 INTERESTS IN)
THE CODELL, NIOBRARA AND J-SAND)
FORMATIONS IN A 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, Niobrara, and J Sand Formations located in the following described lands for the Shelton 27-2 Well:

Township 3 North, Range 65 West, 6th P.M.

Section 2: N $\frac{1}{2}$ NE $\frac{1}{4}$

Township 4 North, Range 65 West, 6th P.M.

Section 35: S $\frac{1}{2}$ SE $\frac{1}{4}$

Weld County, Colorado ("Application Lands").

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; is duly authorized to conduct business in the State of Colorado; and is a registered operator in good standing with the Commission.
2. Applicant owns certain interests in the Application Lands.
3. On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the J-Sand Formation underlying certain lands, including the Application Lands, and allowed up to two (2) wells to be drilled within each 320-acre drilling and spacing unit.
4. 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.

5. On August 9, 2011, the Commission issued Order No. 407-454, which among other things established an approximate 320-acre wellbore spacing unit for the drilling of a horizontal well for certain lands, including a portion of the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

6. 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 Application Lands are subject to this Rule for the Codell, Niobrara and J-Sand Formations.

7. Applicant designated a 160-acre wellbore spacing unit upon the Application Lands for the production of oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations pursuant to Rule 318A.e. and notified all owners in the proposed wellbore spacing unit pursuant to Rule 318A.e.(6). Applicant did not receive any objections to the establishment of the proposed wellbore spacing unit within the 30-day response period, and, as such, certifies to the Commission that it did not receive any objections to the well location, proposed spacing unit, or proposed formations.

8. Applicant, pursuant to the provisions of C.R.S. § 34-60-116 (6) & (7) and Commission Rule 530, seeks an order pooling all interests, including, but not limited to, any nonconsenting interests, in the Application Lands and wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, said order to apply to the currently-allowed well and any subsequent well drilled in the unit.

9. Applicant requests that the Commission's pooling order be made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of the well to the Codell, Niobrara, and/or J Sand Formations on the Application Lands.

10. Applicant certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 507.b(2), and that at least thirty (30) days prior to the hearing on this matter, each such interest owner not already leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the well, and will be provided with the information required by Rule 530. The list of such interested parties is attached hereto as Exhibit A.

11. That in order to prevent waste and to protect correlative rights, all interests in the Application Lands and the designated 160-acre wellbore spacing unit should be pooled for the orderly development of the Codell, Niobrara, and J Sand Formations, including any nonconsenting interests therein.

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

A. Pooling all interests in the Application Lands and wellbore spacing unit for the development of the Codell, Niobrara, and J Sand Formations, including the currently-allowed well and all subsequent wells.

B. Providing that the Commission's pooling order is made effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b)(II) are first incurred for the drilling of the well to the Codell, Niobrara, and/or J Sand Formations on the Application Lands.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the authorized well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(7), and made subject to the cost recovery provisions thereof with respect to all wells drilled to develop the Codell, Niobrara, and J Sand Formations in the wellbore spacing unit comprised of the Application Lands.

D. For such other findings and orders as the Commission may deem proper or advisable in this matter.

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

DATED this ___ day of February, 2012.

Respectfully submitted,

KERR-MCGEE OIL & GAS ONSHORE LP

By: _____

Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202

Address of Applicant

Kerr-McGee Oil & Gas Onshore LP
ATTN: Katie Baker
1099 18th Street, Suite 1800
Denver, Colorado 80202

VERIFICATION

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

Katie Baker, of lawful age, being first duly sworn upon oath, deposes and says that she is Landman 2 for Kerr-McGee Oil & Gas Onshore LP and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

Katie Baker
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this ____ day of February 2012.

Witness my hand and official seal.

[SEAL]

My commission expires: _____

Notary Public

EXHIBIT A
Interested Parties

Kerr- McGee Oil & Gas Onshore LP
1099 18th St
Denver, CO 80202

Robert S Pirtle
PO Box 1310
Tyler, TX 75710

Noble Energy, Inc
1625 Broadway, Suite 2000
Denver, CO 80202

Lorna L. Rogers
2962 Lake Dve
Loveland, CO 80538

Taku Resources, LLC
PO Box 3190
Centennial, CO 80161

Mary W. Vessels Trust
730 17th St, Suite 340
Denver, CO 80202

Barry L. Snyder
7551 West Alameda Avenue
Lakewood, CO 80226

Thomas J Vessels
730 17th St, Suite 340
Denver, CO 80202

Kona Oil & Gas Properties
816 Congress Ave, Suite 1130
Austin, TX 78701

Larandon Hall Society for Exceptional
Children
and Adults a Non-Profit Corporation
5100 Lincoln St
Denver, CO 80216

Boerne Land and Cattle Co, Inc
PO Box 63869
Pipe Creek, TX 78063

Ruth Barfoot Trust
7956 W. Ilow Ave
Peoa, AZ 85381

Encana Oil and Gas (USA), Inc
370 17th Street, Suite 1700
Denver, CO 80202

Shelton Land & Cattle Ltd,
a Colorado Corporation
P.O. Box 65
Roggen, CO 80652

Martin J. Harnngton
2236 South Jackson St
Denver, CO 80202

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

James H Turner, Trustee
PO Box 1557
Anahuac, TX 77514

Anadarko E&P Company
PO Box 1330
Houston, TX 77251

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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 February ____, 2012, 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 February ____ 2012.

Witness my hand and official seal.

My commission expires: _____.

Notary Public