

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 TWO 160-ACRE )  
DESIGNATED WELLBORE SPACING UNIT )  
LOCATED IN SECTIONS 20 AND 29, )  
TOWNSHIP 2 NORTH, RANGE 67 WEST, 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 two designated 160-acre wellbore spacing units produce oil, gas, and associated hydrocarbons from the Codell, Niobrara and J Sand Formations for the:

Saddleback 21-29 Well, API No. 05-123-35027:

Township 2 North, Range 67 West, 6th P.M.  
Section 29: E $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ ;

and the Saddleback 36-20 Well, API No. 05-123-35033:

Township 2 North, Range 67 West, 6th P.M.  
Section 20: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$   
Section 29: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$

Weld County, Colorado (together "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 oil, gas and associated hydrocarbons from the J Sand Formation underlying certain lands,

including the Application Lands, and allowed up to two 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, gas and associated hydrocarbons from the Niobrara Formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1.

5. 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 allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A for the Codell, Niobrara and J Sand Formations.

6. Applicant designated a 160-acre wellbore spacing unit for the Saddleback 21-29 Well for the production of oil, gas, and associated hydrocarbons from 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 well location, proposed spacing unit, or proposed formations.

7. 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 Saddleback 21-29 Well in the Codell, Niobrara and J Sand Formations underlying the following designated 160-acre wellbore spacing unit:

Township 2 North, Range 67 West, 6th P.M.  
Section 29: E $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ ;

(hereafter "Wellbore Spacing Unit 1").

8. 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 Saddleback 21-29 Well to the Codell, Niobrara and J Sand Formations in Wellbore Spacing Unit 1.

9. Applicant designated a 160-acre wellbore spacing unit for the Saddleback 36-20 Well for the production of oil, gas, and associated hydrocarbons from 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 well location, proposed spacing unit, or proposed formations.



10. 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 Saddleback 36-20 Well in the Codell, Niobrara and J Sand Formations underlying the following designated 160-acre wellbore spacing unit:

Township 2 North, Range 67 West, 6th P.M.

Section 20: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$

Section 29: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$

(hereafter "Wellbore Spacing Unit 2").

11. 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 Saddleback 36-20 Well to the Codell, Niobrara and J Sand Formations in Wellbore Spacing Unit 2.

12. 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 as applicable. The list of such interested parties is attached hereto as Exhibit A.

13. That in order to prevent waste and to protect correlative rights, all interests in Wellbore Spacing Unit 1 and Wellbore Spacing Unit 2 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 Saddleback 21-29 Well and Wellbore Spacing Unit 1 for the development of the Codell, Niobrara and J Sand Formations.

B. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 1 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 any well in the Wellbore Spacing Unit 1 to the Codell, Niobrara and J Sand Formations.

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 Saddleback 21-29 Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (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 Wellbore Spacing Unit 1.

D. Pooling all interests in the Saddleback 36-20 Well and Wellbore Spacing Unit 2 for the development of the Codell, Niobrara and J Sand Formations.

E. Providing that the Commission's pooling order with respect to Wellbore Spacing Unit 2 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 any well in the Wellbore Spacing Unit 2 to the Codell, Niobrara and J Sand Formations.

F. 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 Saddleback 36-20 Well are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (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 Wellbore Spacing Unit 2.

G. 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 January 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 2<sup>nd</sup> day of November, 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 18<sup>th</sup> 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 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.

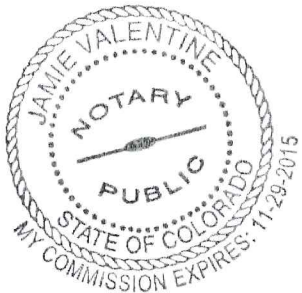
Katie Baker  
Katie Baker  
Kerr-McGee Oil & Gas Onshore LP

Subscribed and sworn to before this 2<sup>nd</sup> day of November, 2012.

Witness my hand and official seal.

[SEAL]

My commission expires: 11/29/15



Jamie Valentine  
Notary Public

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

MRPC II, LLC  
2901 28<sup>th</sup> Street, Suite 205  
Santa Monica, CA 90405

True Oil LLC  
P.O. Box 2360  
Casper, Wyoming 82602

Colorado National Bank of Denver,  
Trustee  
1225 17th Street, Suite 150  
Denver, CO 80202

Hurley Holding Co, LLC  
9 Wickersell Ct  
Columbia, SC 29212

Charles Emerson Hamly  
7808 Mulberry Bottom Land  
Springfield, VA 22153

Kim Wallace Hartman  
13085 Mercury Dr  
Littleton, CO 80124

Richard John Hartman  
1651 Adams St  
Denver, CO 80206

KBL Mineral Company, LLC  
410 17th St Suite 1150  
Denver, CO 80202

Irene H Hamly Trustee of the Irene H.  
Hamly Trust  
PO BOX 1061  
Black Mountain, NC 28711

Rowland Emerson Hamly  
106 Terrace Land  
International Falls, MN 56649

Peter B. Teets  
9730 Highland Glen Place  
Colorado Springs, CO 80920

James Perrin Rice  
733 East Glenhaven Dr  
Phoenix, AZ 85048

Ronaly L. Anderson and Imrie V. Anderson,  
Co Trustees of the Ronald and Imrie  
Anderson Family Trust  
73 Moose Dr  
Lyons, CO 80540

Licia Allen  
8605 S Palo Verde Rd  
Buckeye, AZ 85326

Margaret Boyle Jorgenson  
46 Hacienda  
Carmel, CA 93923

JLW Investment LLC  
351 Glencoe St  
Denver, CO 80220

Louise C. Null  
7613 East Golf Links  
Tucson, AZ 85730

Oxford Mission  
35 Great Peter St  
London S.W. 1, England

MRPC II, LLC  
2901 28th Street, Suite 205  
Santa Monica, CA 90405

Edward L Hanks  
P.O.Box 572  
Mayer, AZ 86333

Edward A. Teets  
1229 Chantilly Roas  
Los Angeles, CA 90077

Ruth I. Kelly  
4318 29th St. Rd  
Greeley, CO 80634



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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 September \_\_, 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.

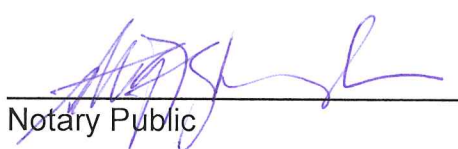
  
Elizabeth Y. Gallaway

Subscribed and sworn to before me November \_\_ 2012.

Witness my hand and official seal

My commission expires: March 3, 2015

MARY GRACE T. GO-HOVELAND  
Notary Public  
State of Colorado

  
Notary Public