

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

IN THE MATTER OF THE PROMULGATION AND ) CAUSE NO. 407  
ESTABLISHMENT OF FIELD RULES TO GOVERN )  
OPERATIONS IN THE WATTENBERG FIELD, ) DOCKET NO. 1109-SP-109  
WELD COUNTY, COLORADO )

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On December 19, 1983, the Commission issued Order No. 407-1 (amended on March 29, 2000 in accordance with Order No. 407-17, entered November 18, 1985), which 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 Section 12, Township 4 North, Range 66 West, 6<sup>th</sup> P.M., 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.

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 Section 12, Township 4 North, Range 66 West, 6<sup>th</sup> P.M., with the permitted well locations in accordance with the provisions of Order No. 407-1.

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. Pursuant to Rule 318A.j., Rule 318A. supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. Rule 318A.d. provides that an operator may allocate production to any drilling and spacing unit with respect to a particular Cretaceous Age Formation consistent with the provisions of Rule 318A. Section 12, Township 4 North, Range 66 West, 6<sup>th</sup> P.M. is subject to Rule 318A., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Rule 318A.f. provides that there shall be no more than eight producing completions in the Niobrara Formation in any 160-acre governmental quarter section.

On July 19, 2011, Kerr-McGee Onshore LP ("Kerr-McGee" or "Applicant"), by its attorneys, filed with the Commission a verified application (the "Application") for an order to: (1) establish an approximate 320-acre wellbore spacing unit for the below-listed lands, and approve of one horizontal well within the unit (to accommodate the planned McCarthy Federal #1-12 HZ Well (the "Well")), for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore for the permitted well to be located no closer than 460 feet from the boundary of the unit, without exception being granted by the Director:

Township 4 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 12: N½

and (2) approve a variance from Rule 318A.f. to authorize a total of up to nine (9) producing completions for the NE¼ of said Section 12, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

Kerr-McGee states that the Application is not requesting the change of any established 80-acre drilling and spacing units or the established distribution of proceeds for any existing vertical Niobrara Formation wells. Kerr-McGee will allocate and distribute proceeds from the Well on a 320-acre basis.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, September 19, 2011

Tuesday, September 20, 2011

Time: 9:00 a.m.

Place: City & County of Broomfield  
City & County Building – Council Chambers  
One DesCombes Drive  
Broomfield, CO 80020

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

**In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than September 2, 2011, briefly stating the basis of the protest or intervention.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of September 6, 2011.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **September 2, 2011, the Applicant may request that an administrative hearing be scheduled during the week of September 6, 2011.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By  \_\_\_\_\_  
Robert A. Willis, Acting Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
August 9, 2011

Attorneys for Kerr-McGee:  
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