

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, WELD	)	DOCKET NO. 1108-UP-88
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 28, Township 1 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 28, Township 1 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 28, Township 1 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 Codell Formation.

On August 8, 2011, the Commission may consider a separate request made by Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee" or "Applicant"), by virtue of an application filed on April 28, 2011, for an order to establish an approximate 320-acre wellbore spacing unit for the below-listed lands, and approve one horizontal well within the unit (to accommodate the planned Marris #28C-28HZ Well), for the production of oil, gas and associated hydrocarbons from the Codell Formation:

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28:   W $\frac{1}{2}$  E $\frac{1}{2}$  and E $\frac{1}{2}$  W $\frac{1}{2}$

On August 8, 2011, the Commission may consider a separate request made by Kerr-McGee, by virtue of an application filed on April 28, 2011, for an order to establish an approximate 320-acre wellbore spacing unit for the below-listed lands, and approve one horizontal well within the unit (to accommodate the planned Marris #3N-28HZ Well), for the production of oil, gas and associated hydrocarbons from the Niobrara Formation:

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28:   E $\frac{1}{2}$  W $\frac{1}{2}$  and W $\frac{1}{2}$  E $\frac{1}{2}$

On August 8, 2011, the Commission may consider a separate request made by Kerr-McGee, by virtue of an application filed on April 28, 2011, for an order to establish an approximate 160-acre wellbore spacing unit for the below-listed lands, and approve of one horizontal well within the unit (to accommodate the planned Marris #2N-28HZ Well), for the production of oil, gas and associated hydrocarbons from the Niobrara Formation:

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28:   W $\frac{1}{2}$  E $\frac{1}{2}$

All three of the aforementioned April 28, 2011 Kerr-McGee spacing applications stated that the applications do not request any change in 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 each horizontal well based on the size of the wellbore spacing unit established by the Commission. Each of the April 28, 2011 Kerr-McGee spacing applications were continued to the August 8, 2011 Commission meeting, and remain pending.

On June 9, 2011, Kerr-McGee, by its attorneys, filed with the Commission a verified application (the "Application") for an order to pool all nonconsenting interests in the three proposed wellbore spacing units ("WBSU") which may be established for the below-described lands, to accommodate wells associated with the below-described lands, for the development and operation of the Codell or Niobrara Formations, retroactive to the earliest date costs are incurred for the Well, or the date of the Application, whichever is earlier:

(1) *The 320-acre WBSU for the planned Marrs #28C-28HZ Well – Codell Formation*

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28: W½ E½ and E½ W½

(2) *The 320-acre WBSU for the planned Marrs #3N-28HZ Well – Niobrara Formation*

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28: E½ W½ and W½ E½

(3) *The 160-acre WBSU for the planned Marrs #2N-28HZ Well – Niobrara Formation*

Township 1 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 28: W½ E½

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, August 8, 2011  
Tuesday, August 9, 2011  
Time: 9:00 a.m.  
Place: Suite 801, The Chancery Building  
1120 Lincoln Street  
Denver, Colorado 80203

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 July 25, 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 July 25, 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 **July 25, 2011, the Applicant may request that an administrative hearing be scheduled during the week of July 25, 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  
June 30, 2011

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