

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. 1207-UP-182
WELD COUNTY, COLORADO)

NOTICE OF HEARING

On December 19, 1983, the Commission issued Order No. 407-1 (amended March 29, 2000), which among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Codell Formation, with the unit to be designated by the operator drilling the first well in the quarter section. The permitted well shall be located in the center of either 40-acre tract within the 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. Section 6, Township 2 North, Range 65 West, 6th P.M. and Section 31, Township 3 North, Range 65 West, 6th P.M. are subject to this Order for the Codell Formation.

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 Codell and Niobrara Formations, with the permitted well locations in accordance with the provisions of Order No. 407-1. Section 6, Township 2 North, Range 65 West, 6th P.M. and Section 31, Township 3 North, Range 65 West, 6th P.M. are subject to this Order for the Codell and Niobrara Formations.

On April 27, 1988, 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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A. supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A was amended, among other things, 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, among other things, to address drilling of horizontal wells. Section 6, Township 2 North, Range 65 West, 6th P.M. and Section 31, Township 3 North, Range 65 West, 6th P.M. are subject to Rule 318A for the Codell and Niobrara Formations.

On April 16, 2012, the Commission entered Order No. 407-593 which, among other things, pooled all interests in five designated wellbore spacing units for certain lands including Section 31, Township 3 North, Range 65 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

On May 8, 2012, Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee" or "Applicant"), by its attorneys, filed with the Commission a verified application ("Application") for an order to pool all interests within three approximate 200-acre and three approximate 400-acre designated wellbore spacing units ("WSU") for the below-described lands ("Application Lands") to accommodate the Nichols 15N-31HZ, Nichols 15C-31HZ, Nichols 37N-31HZ, Nichols 37C-31HZ, Nichols 16N-31HZ, and Nichols 38N-31HZ Wells ("Wells"), for the development and operation of the Codell and Niobrara Formations, effective as of the earlier of the date of the Application, or the date that any of the costs specified in C.R.S. § 34-60-116(7)(b)(II) were first incurred for the drilling of each respective Well, and to subject any nonconsenting interests to the cost recovery provisions of C.R.S. § 34-60-116(7):

WSU #1 - Nichols 15N-31HZ Well, 200-acres

Township 2 North, Range 65 West, 6th P.M.
Section 6: W $\frac{1}{2}$ E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: SW $\frac{1}{4}$ SE $\frac{1}{4}$

WSU #2 - Nichols 15C-31HZ Well, 200-acres

Township 2 North, Range 65 West, 6th P.M.
Section 6: W $\frac{1}{2}$ E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: SW $\frac{1}{4}$ SE $\frac{1}{4}$

WSU #3 - Nichols 37N-31HZ Well, 400-acres

Township 2 North, Range 65 West, 6th P.M.
Section 6: E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: S $\frac{1}{2}$ SE $\frac{1}{4}$

WSU #4 - Nichols 37C-31HZ Well, 400-acres

Township 2 North, Range 65 West, 6th P.M.
Section 6: E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: S $\frac{1}{2}$ SE $\frac{1}{4}$

WSU #5 - Nichols 16N-31HZ Well, 200-acres

Township 2 North, Range 65 West, 6th P.M.
Section 6: E $\frac{1}{2}$ E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$

WSU #6 - Nichols 38N-31HZ Well, 400-acres

Township 2 North, Range 65 West, 6th P.M.
Section 5: W $\frac{1}{2}$ W $\frac{1}{2}$
Section 6: E $\frac{1}{2}$ E $\frac{1}{2}$

Township 3 North, Range 65 West, 6th P.M.
Section 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 32: SW $\frac{1}{4}$ SW $\frac{1}{4}$

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, July 9, 2012
Tuesday, July 10, 2012

Time: 9:00 a.m.

Place: COGCC Offices
1120 Lincoln Street, Suite 801
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.

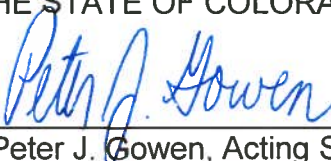
In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than June 25, 2012, briefly stating the

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 June 25, 2012.** 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 **June 25, 2012, the Applicant may request that an administrative hearing be scheduled beginning June 25, 2012.** 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



Peter J. Gowen, Acting Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
June 1, 2012

Attorneys for Kerr-McGee:
Jamie L. Jost
Elizabeth Y. Gallaway
Beatty & Wozniak, P.C.
216 Sixteenth Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499