

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

|   |                        |
|---|------------------------|
| IN THE MATTER OF THE APPLICATION OF KERR- )             | CAUSE NO. 407          |
| MCGEE OIL & GAS ONSHORE LP FOR AN )                     |                        |
| ORDER POOLING ALL INTERESTS IN A )                      | DOCKET NO. 1211-UP-261 |
| DESIGNATED WELLBORE SPACING UNIT )                      |                        |
| LOCATED IN SECTIONS 5 THROUGH 8, )                      |                        |
| TOWNSHIP 2 NORTH, RANGE 65 WEST, 6 <sup>TH</sup> P.M. ) |                        |
| FOR THE CODELL FORMATION, WATTENBERG )                  |                        |
| FIELD, 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 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. Sections 5 through 8, Township 2 North, Range 65 West, 6<sup>th</sup> P.M. are subject to Order 407-1 for the Codell Formation.

On July 9, 2012, the Commission issued Order No. 407-664 which, among other things, pooled all interests in three approximate 200-acre and three approximate 400-acre designated wellbore spacing units for the development and operation of the Codell and Niobrara Formations. Order No. 407-664 includes portions of the Application Lands but does not apply, nor does it affect, the Application defined below.

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. Sections 5 through 8, Township 2 North, Range 65 West, 6<sup>th</sup> P.M. are subject to Rule 318A for the Codell Formation.

On September 14, 2012, Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116 C.R.S., a verified application ("Application") for an order to pool all interests in an approximate 480-acre designated wellbore spacing unit established for the below-described lands ("Application Lands"), for the development and operation of the Codell Formation, effective as of the earlier of the date 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 the Nichols 30C-5HZ Well (API No. 05-123-35919) located on the following lands:

Township 2 North, Range 65 West, 6<sup>th</sup> P.M., Weld County, Colorado

|            |  |                            |
|------------|--|----------------------------|
| Section 5: | W <sup>1</sup> / <sub>2</sub> W <sup>1</sup> / <sub>2</sub>  |                            |
| Section 6: | E <sup>1</sup> / <sub>2</sub> E <sup>1</sup> / <sub>2</sub>  |                            |
| Section 7: | E <sup>1</sup> / <sub>2</sub> NE <sup>1</sup> / <sub>4</sub> |                            |
| Section 8: | W <sup>1</sup> / <sub>2</sub> NW <sup>1</sup> / <sub>4</sub> | (approximately 480-acres); |

and to subject any nonconsenting interests to the cost recovery provisions of C.R.S. § 34-60-116(7).

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: Thursday, November 15, 2012  
Friday, November 16, 2012

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission  
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 October 31, 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 October 31, 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 **October 31, 2012, the Applicant may request that an administrative hearing be scheduled beginning October 31, 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.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By   
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FJR Robert J. Frick, Secretary

Dated: October 3, 2012

Colorado Oil and Gas Conservation  
Commission  
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