

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 TO POOL ALL INTERESTS (INCLUDING) DOCKET NO. 1401-UP-06
ROYALTY INTEREST OWNERS) IN TWO)
APPROXIMATE 400-ACRE DESIGNATED)
WELLBORE SPACING UNITS LOCATED IN)
SECTIONS 5 AND 8, TOWNSHIP 2 NORTH,)
RANGE 67 WEST, 6TH P.M., FOR THE CODELL)
AND NIOBRARA FORMATIONS, WATTENBERG)
FIELD, WELD COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

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. Sections 5 and 8, Township 2 North, Range 67 West, 6th P.M. are subject to this Order for the Codell and Niobrara Formations.

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 and 8, Township 2 North, Range 67 West, 6th P.M. are subject to Rule 318A for the Codell and Niobrara Formations.

On November 25, 2013, 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 (including royalty interest owners) in two approximate 400-acre designated wellbore spacing units established for the below-described lands ("Application Lands"), 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 §34-60-116(7)(b)(II), C.R.S. were first incurred for the drilling of the Sater 24N-5HZ Well (API No. 05-123-38325) and the Sater 24C-5HZ Well (API No. 05-123-38327) ("Well") and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S.:

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

Section 5: S½ NE¼, SE¼

Section 8: NE¼ ("WSU#1" – Sater 24N-5HZ – Niobrara Formation)

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

Section 5: S½ NE¼, SE¼

Section 8: NE¼ ("WSU#2" – Sater 24C-5HZ – Codell Formation)

Certain royalty owners whose oil and gas lease pre-dates the widespread use of horizontal drilling and did not contemplate formation of horizontal wellbore spacing units under Rule 318A have not agreed to participate in the wellbore spacing unit for purposes of royalty payments. Kerr-McGee has contacted each of these royalty owners, or has made diligent efforts to do so, to obtain their consent to participate in the wellbore spacing units for purposes of royalty payments. Kerr-McGee has not been able to contact some of these individuals, or has received no response from them.

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

Date: Monday, January 27, 2014
Tuesday, January 28, 2014

Time: 9:00 a.m.

Place: Centennial Building
1313 Sherman Street, Room 318
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 January 10, 2014, 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. One electronic (cogcc.hearings_unit@state.co.us), one original and two 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 January 13, 2014.** 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 **January 10, 2014, the Applicant may request that an administrative hearing be scheduled beginning January 13, 2014.** 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 
Robert J. Frick, Secretary

Dated: January 6, 2014

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