



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

IN THE MATTER OF THE PROMULGATION AND ) CAUSE NOS. 409, 232 & 409  
ESTABLISHMENT OF FIELD RULES TO GOVERN )  
OPERATIONS IN THE EATON AND GREATER ) ORDER NOS. 409-5, 232-265 & 407-383  
WATTENBERG FIELDS, WELD COUNTY, COLORADO )

REPORT OF THE COMMISSION

This cause was heard by the Commission on January 13, 2011, in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, for an order to pool all nonconsenting interests within the drilling and spacing unit designated for the NW¼ of Section 35, Township 7 North, Range 66 West, 6<sup>th</sup> P.M., for the development and operation of the Codell and Niobrara Formations.

FINDINGS

The Commission finds as follows:

1. Noble Energy, Inc. ("Noble" or "Applicant"), as applicant herein, is an interested party in the subject matter of the above-referenced hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order pursuant to the Oil and Gas Conservation Act.
4. 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. The NW¼ of Section 35, Township 7 North, Range 66 West, 6<sup>th</sup> P.M. is subject to this Rule for the Codell and Niobrara Formations.
5. On October 28, 2010, Noble, by its attorneys, filed with the Commission a verified application ("Application") for an order to pool all nonconsenting interests within the drilling and spacing unit designated for the NW¼ of Section 35, Township 7 North, Range 66 West, 6<sup>th</sup> P.M. ("Application Lands") to accommodate the Wilson #35-25 Well ("Well"), with a proposed bottomhole location of 1,331 feet FNL and 1,544 feet FWL of said Section 35, for the development and operation of the Codell and Niobrara Formations. Noble requests that this pooling order be retroactive to the spud date of the Well.
6. On January 3, 2011, Noble, by its attorneys, filed with the Commission a written request to approve the Application based on the merits of the verified Application and the supporting exhibits. Sworn written testimony and exhibits were submitted in support of the Application.
7. Testimony and exhibits submitted in support of the application by P. David Padgett, Land Director for Noble, showed that Noble is a mineral leaseholder underlying the Application Lands. Additional testimony showed one nonconsenting working interest owner within the drilling and spacing unit. Further testimony indicated that an offer to lease or to participate was sent to the nonconsenting owner, and that said offer was sent via U.S. Mail, at least 30 days prior to the January 13, 2011 hearing, to the nonconsenting owner. Testimony showed that the offers to lease/participate and the Authorizations for Expenditures were fair and reasonable, and similar to those prevailing in the area, and that Noble has complied with the requirements of Rule 530.a. and §34-60-116(7)(d), C.R.S. Further testimony showed that Noble has plans to drill the Wilson #35-25 Well on the Application Lands.
8. The above-referenced testimony and exhibits show that the granting of the Application will allow more efficient reservoir drainage, will prevent waste, will assure a greater ultimate recovery of oil/gas, and will not violate correlative rights.
9. Noble agreed to be bound by oral order of the Commission.
10. Based on the facts stated in the verified Application, having received no protests, and based on the Hearing Officer review of the Application under Rule 511., the Commission should enter an order pooling all nonconsenting interests within the drilling and spacing unit designated for the NW¼ of Section 35, Township 7 North, Range 66 West, 6<sup>th</sup> P.M., to accommodate the Well, for the development and operation of the Codell and Niobrara Formations, effective as of the spud date of said Well.

ORDER

NOW, THEREFORE IT IS ORDERED that,

1. Pursuant to the provisions of §34-60-116, C.R.S., as amended, of the Oil and Gas Conservation Act, the nonconsenting interests within drilling and spacing unit designated for the below-described lands (to accommodate the Wilson #35-25 Well) are hereby pooled, for the development and operation of the Codell and Niobrara Formations:

Township 7 North, Range 66 West, 6<sup>th</sup> P.M.  
Section 35: NW¼

2. This pooling order shall apply as to the spud date of the Wilson #35-25 Well.

3. The production obtained from the drilling and spacing unit shall be allocated to each owner in the unit on the basis of the proportion that the number of acres in such tract bears to the total number of mineral acres within the drilling and spacing unit; each owner of an interest in the drilling and spacing unit shall be entitled to receive its share of the production of the well located on the drilling and spacing unit applicable to its interest in the wellbore spacing unit.

4. The unleased mineral owners are hereby deemed to have elected not to participate and shall therefore be deemed to be nonconsenting as to the well and be subject to the penalties as provided for by §34-60-116 (7), C.R.S.

5. Each nonconsenting unleased mineral owner within the drilling and spacing unit shall be treated as the owner of the landowner's royalty to the extent of 12.5% of its record title interest, whatever that interest may be, until such time as the consenting owners recover, only out of each nonconsenting owner's proportionate 87.5% share of production, the costs specified in §34-60-116 (7)(b), C.R.S. as amended. After recovery of such costs, each nonconsenting mineral owner shall then own its proportionate 8/8ths share of the well, surface facilities and production, and then be liable for its proportionate share of further costs incurred in connection with the well as if it had originally agreed to the drilling.

6. The operator of the well drilled on the above-described drilling and spacing unit shall furnish the nonconsenting owners with a monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month.

7. Nothing in this order is intended to conflict with §34-60-116, C.R.S., as amended. Any conflict that may arise shall be resolved in favor of the statute.

IT IS FURTHER ORDERED, that the provisions contained in the above order, shall become effective forthwith.

IT IS FURTHER ORDERED, that the Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

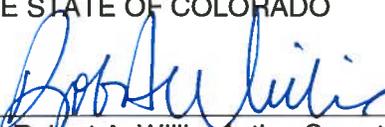
IT IS FURTHER ORDERED, that under the State Administrative Procedure Act the Commission considers this order to be final agency action for purposes of judicial review within thirty (30) days after the date this order is mailed by the Commission.

IT IS FURTHER ORDERED, that an application for reconsideration by the Commission of this order is not required prior to the filing for judicial review.

ENTERED this 2<sup>nd</sup> day of February 2011, as of January 13, 2011.

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  
February 2, 2011