

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

IN THE MATTER OF THE APPLICATION OF)
REX ENERGY ROCKIES, LLC, FOR AN)
ORDER ESTABLISHING A DRILLING AND)
SPACING UNIT FOR THE PRODUCTION OF OIL)
AND GAS FROM THE NIOBRARA FORMATION)
UNDERLYING DESCRIBED LANDS IN)
WELD COUNTY, COLORADO)

CAUSE No. _____

DOCKET No. _____

APPLICATION OF REX ENERGY ROCKIES, LLC

The Applicant, Rex Energy Rockies, LLC, ("Rex"), by and through its undersigned counsel, respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing a 640-acre drilling and spacing unit for development and production from the Niobrara Formation in the following lands ("Subject Lands"):

Township 10 North, Range 57 West, 6th P.M.,
Section 25: All

1. Rex is a Delaware limited liability company duly authorized to conduct business in Colorado, and is a registered operator in good standing with the Commission, COGCC Operator Number 10336.

2. Rex owns a substantial leasehold position underlying the Subject Lands.

3. The Subject Lands are subject to Commission Rule 318.a. which provides that a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. There are no other specific Commission Orders applicable to the Niobrara Formation underlying the Application Lands.

4. Rex obtained a permit to drill the Shapley #14-25H well, a wildcat well, which was spud March 10, 2011. A plat showing the Shapley #14-25H well's permitted location is attached as Exhibit A. The surface location of the Shapley #14-25H well is approximately 661' FSL and 664' FWL located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 25, Township 10 North, Range 57 West, 6th P.M. The bottomhole location is approximately 660' FSL and 660' FWL located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, Township 10 North, Range 57 West, 6th P.M.

5. On information and belief, the Commission has not entered an order establishing drilling and spacing units for production of oil and gas from the Niobrara formation underlying the

Subject Lands. Additionally, on information and belief, the Subject Lands have not been committed to a field by the Commission.

6. Colorado Revised Statute Section 34-6-116(4) authorizes the Commission to establish drilling and spacing units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

7. Rex requests that the Commission establish a 640-acre drilling and spacing unit consisting of the Subject Lands, for the Niobrara Formation.

8. The establishment of the proposed drilling and spacing unit will allow efficient drainage of the Niobrara Formation, will prevent waste, will not adversely affect correlative rights and will assure the greatest ultimate recovery of oil and gas from the Subject Lands.

9. On February 22, 2010 the Commission entered Order No. 421-1 which established fifty-eight (58) approximate 640-acre drilling and spacing units in Townships 11 and 12 North, Ranges 62 and 63 West for the production of oil, gas and associated hydrocarbons from the Niobrara Formation with no more than one (1) horizontal well to be drilled in each unit. The lands in Order No. 421-1 lie to the northwest of the current Subject Lands. Order No. 421-1 further ordered that the surface location for each horizontal well shall be located anywhere within the unit, provided that the horizontal leg into the Niobrara Formation shall not be closer than 600 feet to the outside boundary of the drilling unit and the terminus of the horizontal leg shall not be any closer than 600 feet to the outside boundary of the drilling and spacing unit without exception being granted by the Director of the Oil and Gas Conservation Commission.

10. On August 12, 2010, the Commission entered Order No. 535-2 approving Rubicon Oil & Gas, LLC's request for one hundred forty-five (145) approximate 640-acre drilling and spacing units in Townships 8, 9, 10, and 11 North, Ranges 65, 66, 67 West, 6th P.M., Weld County, Colorado, for the production of oil and gas and associated hydrocarbons from the Codell and Niobrara Formations. The lands in Order No. 535-2 are in close proximity to the Subject Lands. Order No. 535-2 further allowed two (2) horizontal wells in each unit, with the initial formation penetration, lateral leg, and terminus (bottomhole location) of the permitted wells no closer than 600 feet from the boundaries of the unit and the initial formation penetration, lateral leg and terminus (bottomhole location) of the second well not closer than 1,200 feet from the first well.

11. On October 21, 2010, the Commission entered Order No. 421-3 approving EOG Resources, Inc.'s request to expand Order No. 421-1 to include an additional eighty-four (84) approximate 640-acre drilling and spacing units in Township 12 North, Range 61 West, Townships 10, 11, and 12 North, Range 62 West, Townships 10, 11, and 12 North, Range 63 West, and Townships 11, and 12 North, Range 64 West in Weld County, Colorado for the production of oil, gas and associated hydrocarbons from the Niobrara Formation with no more than one (1) horizontal well to be drilled in each unit. The lands in Order No. 421-3 are situated in close proximity to the Subject Lands. Order No. 421-3 allowed the surface location for each horizontal well to be located anywhere within the unit, provided that the horizontal leg into the Niobrara Formation shall not be closer than 600 feet to the outside boundary of the drilling unit and the terminus of the horizontal leg shall not be any closer than 600 feet to the outside boundary of the drilling and spacing unit without exception being granted by the Director of the Oil and Gas Conservation Commission.

12. Rex requests the Commission take administrative notice of Order Nos. 421-1, 535-2, and 421-3, specifically as they relate to the Commission's past approval of 640-acre drilling and spacing units for the development of the Niobrara Formation and the location of such units to the Subject Lands

13. According to the information and belief of Rex, the names and addresses of the interested parties hereto are set forth in Exhibit B; and the undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing of this application, as required by Rule 503.e.


14. A draft hearing notice, verification, and certificate of mailing will be submitted within seven (7) days of the filing of this Application

WHEREFORE, Rex Energy Rockies, LLC respectfully requests that this matter be set for hearing on June 27 or 28, 2011, that notice of the hearing be given as required by law and that upon such hearing this Commission enter its Order consistent with Rex's requests as set forth above.

Respectfully Submitted this 26th day of April, 2011.

REX ENERGY ROCKIES, LLC

By:


James Mowry, CO. Bar No. 37041
Throne Law Office, P.C.
Attorney for Applicant
P.O. Box 1056
Sheridan, WY 82801
(307) 672-5858 Telephone
(307) 674-6104 Facsimile

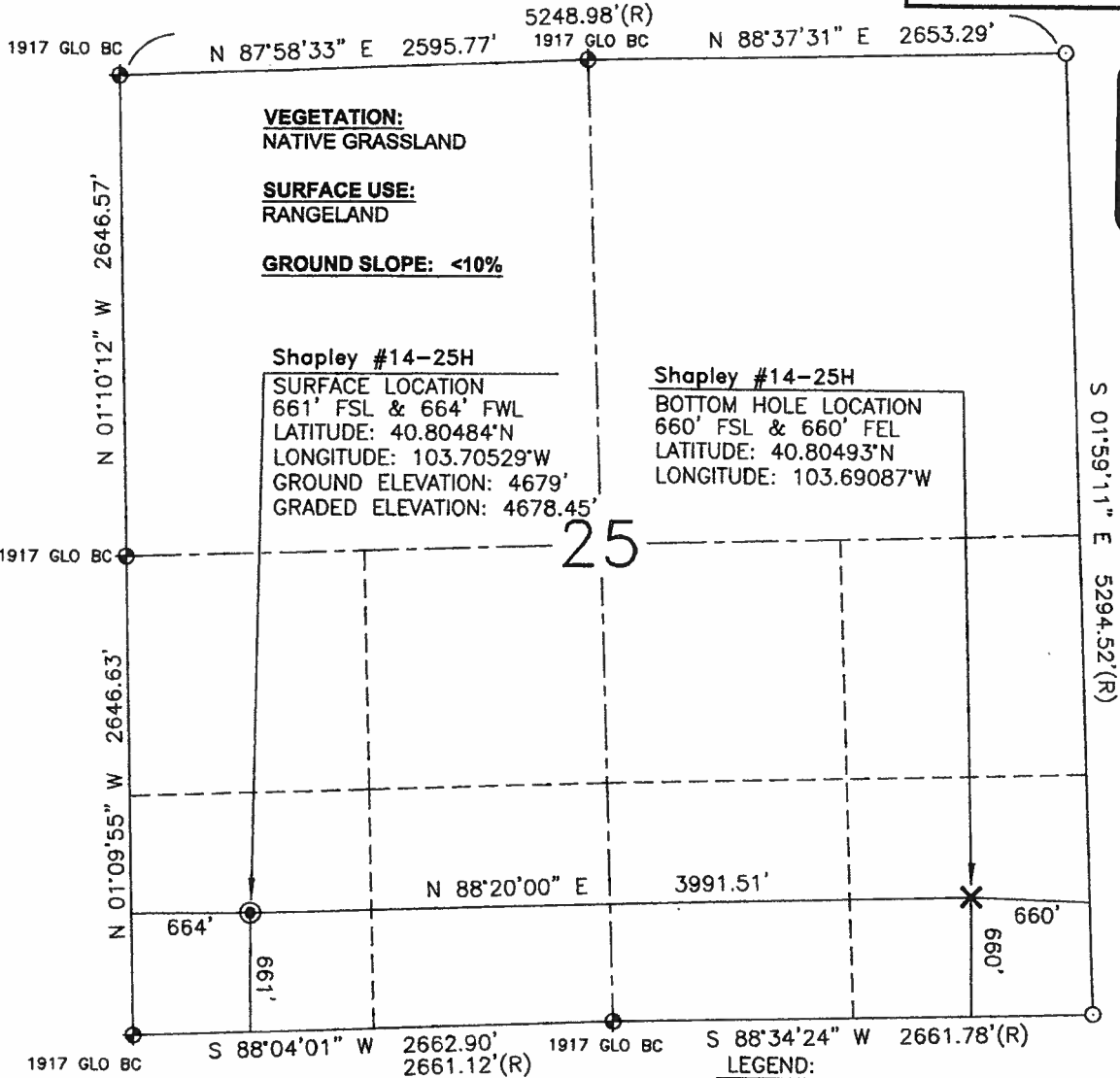
Rex Energy Rockies, LLC
9200 East Panorama Circle
Suite 120
Englewood, CO 80112

WELL LOCATION MAP

Shapley #14-25H

EXHIBIT

A



LEGEND:

- - PROPOSED WELL SURFACE LOCATION
- ✕ - PROPOSED BOTTOM HOLE LOCATION
- ◆ - FOUND AS NOTED
- - CALCULATED CORNER
- (R) - GLO RECORD

NOTES:

- 1) Horizontal and vertical coordinates based from NGS CORS station "WYLC", using an elevation of 6040.64'.
 - 2) Basis of bearings are Colorado State Plane North zone. Distances are ground NAD 83, NAVD 88. PAF:1.000215
 - 3) All section line dimensions shown hereon are based on field measurements of existing monuments and/or physical evidence found in the field unless otherwise indicated. refer to land survey plats deposited in Weld County
 - 4) Physical features shown hereon are for graphical representation only.
 - 5) See form 2A for visible improvements within 400' of the wellhead
 - 6) Distances to nearest section lines are measured perpendicularly.
 - 7) This is not a land survey nor land survey plat.
 - 8) Date of survey 6/10/10; Date of Drawing 6/17/10. REV 1
- PDOP Reading 2.5 Instrument Operator Clayton Rosenlund

I, JASON D. LEVANEN, A DULY REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM NOTES TAKEN DURING A SURVEY PERFORMED BY ME OR UNDER MY SUPERVISION ON JUNE 10, 2010.



WESTERN LAND SERVICES

Sheridan, WY 82801 (307)673-1817

DP: L:\REX\25-10-57.dwg

Rev: 6-21-10

Rex Energy Rockies, LLC
Shapley #14-25H

SL: SW1/4SW1/4, S.25, T10N-R57W
BL: SE1/4SE1/4, S.25, T10N-R57W
6TH P.M., WELD COUNTY, COLORADO

EXHIBIT B

INTERESTED PARTIES

Mineral Owners

MAXFUND ANIMAL ADOPTION CENTER
1025 Galapago Street
Denver, CO 80293

CRAIG HOSPITAL
3425 South Clarkson
Englewood, CO 80113

DAVID E. UHL
2249 Lauren Drive
Las Vegas, Nevada 89134

BARBARA JEAN DENNIS
17 Elm Street
Battle Creek, Michigan 49017

GREGORY L. BRAUN
1720 32nd Street
Unit #12
Evans, CO 80620

NANCEY E. SHAPLEY TRUST DATED 2/18/04
DEWAIN SHAPLEY TRUST DATED 2/18/04
70589 County Road 112
Stoneham, CO 80754

JANE M. PRINCEHORN
421 Ponderosa Avenue
Estes Park, CO 80517

M. GERALDINE HAMROCK
3314 Apple Avenue
Loveland, CO 80538

LARRY ODAU
4025 Harbor Walk Lane
Ft. Collins, CO 80525

NANCY E. SUPPES
6801 Comanche Court
Loveland, CO 80534

FRANK VAN BAREN
5428 Janna Drive
Loveland, CO 80538

THE BROWN FOUNDATION
2217 Welch Avenue
Houston, TX 77019

ZOCH PARTNERS
600 Leopard Street
Corpus Christi, TX 78473

ESTATE OF FRANK P. ZOCH, JR.
600 Leopard Street
Corpus Christi, TX 78473

MANNA RESOURCES, INC.
4 Applegate Lane
The Hills, TX 78738

THE ROBERT D. HENDRICKSON IRREVOCABLE FAMILY TRUST
154 Blue Castle Court
Houston, TX 77015

JOAN ELAINE FRENSLEY SMITH
4033 Grassmere Lane
Dallas, TX 75205

THAD FRENSLEY SMITH
3224 Hanover
Dallas, TX 75205

STACEY S. BECK
4033 Glassmere Lane
Dallas, TX 75205

HERBERT J. FRENSLEY TRUST
PO Box 2558
Houston, TX 77252-8033

J.E. TEDDLIE, JR.
207 Otter Creek Court
Lakeway, TX 78734

PETER K. ROOSEVELT
621 17th Street, Suite 710
Denver, CO 80293

Surface Owners

NANCEY E. SHAPLEY TRUST DATED 2/18/04
DEWAIN SHAPLEY TRUST DATED 2/18/04
70589 County Road 112
Stoneham, CO 80754

Parties required by Rule 507

Bruce T. Barker
Weld County
PO Box 758
Greeley, CO 80632

Celia Greenman
Colorado Division of Wildlife
6060 Broadway
Denver, CO 80216

Kent Kuster
Colorado Dept. of
Public Health & Environment
4300 Cherry Creek Dr. South
Denver, CO 80246-1530

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

Sharon Regan Williams, Land Manager for Rex Energy Rockies, LLC, upon oath deposes and says that she has read the foregoing Application and that the Statements contained therein are true to the best of her knowledge, information and belief.

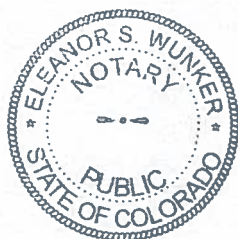
Rex Energy Rockies, LLC

SR Williams
Sharon Regan Williams, Land Manager

Subscribed and sworn to before me this 26th day of April, 2011 by Sharon Regan Williams, Landman for Rex Energy Rockies, LLC.

Witness my hand and official seal

My commission expires: 3/22/12



Eleanor S. Wunker
Notary Public

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CERTIFICATE OF MAILING

STATE OF WYOMING)
COUNT OF SHERIDAN) ss.

James Mowry, of lawful age, and being first duly sworn upon his oath, state and declares:

That he is the attorney for Rex Energy Rockies, LLC and that on or before MAY 2nd, 2011, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A of the Application.

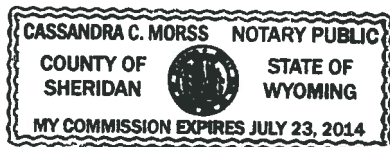


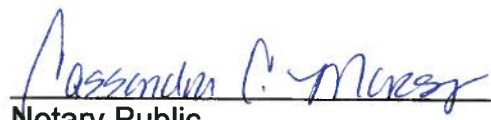
James Mowry

Subscribed and sworn to before me this 2nd day of May, 2011 by James Mowry.

Witness my hand and official seal

My commission expires: July 23, 2014





Notary Public