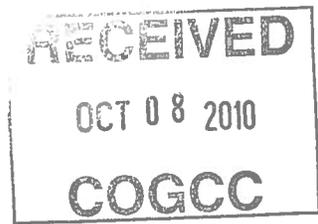




BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO



IN THE MATTER OF THE APPLICATION OF )  
GREAT WESTERN OIL AND GAS COMPANY )  
LLC FOR AN ORDER ESTABLISHING A )  
SPACING UNIT AND POOLING CERTAIN )  
INTERESTS FOR THE PRODUCTION OF OIL )  
AND GAS FROM THE J SAND, CODELL AND )  
NIOBRARA FORMATIONS UNDERLYING )  
CERTAIN LANDS IN WELD COUNTY, CO )

CAUSE NO. 407 and 232

DOCKET NO. \_\_\_\_\_

APPLICATION

ORIGINAL

The Applicant, Great Western Oil and Gas Company, LLC ("Great Western"), by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing an 80-acre spacing unit for production from the J Sand, Codell and Niobrara formations, and pooling all interests therein as follows:

BACKGROUND

1. Great Western is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Great Western owns an oil and gas leasehold interest in the W1/2NW1/4 of Section 31 Township 7 North, Range 65 West, 6th P.M., Weld County, Colorado ("Section 31" hereinafter).
3. According to the records of the Commission, no wells have been drilled in the W1/2NW1/4 of Section 31.
4. Great Western has applied for permits for and/or desires to drill the Gustafson 31-11 well in the NW1/4NW1/4 and the Gustafson #31-12 well in the SW1/4NW1/4 of Section 31 to the J Sand, Codell and/or Niobrara formations.

SPACING REQUEST

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 J Sand, Codell and Niobrara formations underlying the NW1/4 of Section 31.
6. In its application to drill the Gustafson #31-11 well, Great Western has declared the W1/2NW1/4 as a drilling unit for Codell and Niobrara production.
7. Colorado Revised Statute Section 34-60-116(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.

8. Commission Rule 318A provides that a well may be drilled and production commingled from formations, including the J Sand, Codell and Niobrara/or formations, when the bottom-hole location of such well is within a square with sides of 400 feet, in the center of each quarter section of the NW1/4 of Section 31.

9. Previous testimony before the Commission has therefore established that an 80-acre drilling and spacing unit is not less than the maximum area than can be efficiently, economically and effectively drained by wells producing oil, gas and associated hydrocarbons from the J Sand, Codell and/or Niobrara formations underlying said NW1/4 of Section 31.

10. Great Western requests that the Commission establish an 80-acre drilling and spacing unit consisting of the W1/2NW1/4 of Section 31, for the J Sand, Codell and Niobrara formations.

11. The establishment of such a unit will prevent or assist in preventing waste by assuring that wells in the W1/2NW1/4 may be completed and produced without prejudice to the rights of other leasehold or mineral owners, and ensuring that the pool as a whole may be efficiently and economically developed.

12. The establishment of such a unit will protect the correlative rights of both leasehold owners and mineral owners in the W1/2NW1/4 of Section 31.

### INVOLUNTARY POOLING REQUEST

13. Colorado Revised Statute Section 34-60-116 authorizes the Commission to pool separately owned interests located within a drilling unit, for the development and operation of a well.

14. The proposed unit contains numerous residential lots within the Arrowhead and North Side Subdivisions of the Town of Eaton. Great Western has sent a proposed lease to, and attempted to negotiate an oil and gas lease with, the unleased mineral owners listed on **Exhibit A** to this Application, covering their unleased oil and gas rights in the W1/2NW1/4. The terms of the leases offered are reasonable and no less favorable than those prevailing in the area at this time

15. Great Western has also sent a proposed AFE to such unleased mineral owners, giving them the opportunity to participate in the drilling of the proposed wells.

16. As of the date of this Application such unleased mineral owners have failed to agree to lease their interests in the W1/2NW1/4, or to bear their share of the costs of drilling and completing the proposed wells.

17. An Order of the Commission pooling all interests in the W1/2NW1/4 is necessary in order to afford each owner of an interest therein the opportunity to recover and receive its just and equitable share of the oil and/or gas from the common source of supply underlying the W1/2NW1/4 of Section 31.

18. The granting of such an Order would not be prejudicial to the owners in the W1/2NW1/4 of Section 31 and would protect correlative rights.

19. The granting of such an Order would prevent or assist in preventing waste and will insure that the pool as a whole may be efficiently and economically developed.

**REQUEST FOR HEARING AND ORDER**

WHEREFORE, Great Western prays that this matter be set for hearing on November 29 or 30, 2010, Notice of said Hearing be given as required by law, if no protests are timely received the matter be considered pursuant to Rule 511(b), and the Commission enter an Order:

A. Establishing an 80-acre drilling and spacing unit consisting of the W1/2NW1/4 of Section 31 for production of oil and gas from the J Sand, Codell and Niobrara formations; and

B. Pooling all non-consenting interests in the W1/2NW1/4 of Section 31 with respect to production of the J Sand, Codell and/or Niobrara formations, and that such pooling order:

(1) be upon terms and conditions that are just and reasonable and that afford to the owner of each tract or interest in the W1/2NW1/4 the opportunity to recover or receive, without unnecessary expense, his just and equitable share of oil and gas;

(2) provide that production obtained from the W1/2NW1/4 be allocated to each owner therein on the basis of the proportion that the number of mineral acres held by each owner in such drilling unit bears to the total number of mineral acres within the drilling unit;

(3) provide that Great Western be allowed to recover from any non-consenting owner's share of production the penalty costs as provided in Colorado Revised Statute Section 34-60-116 (7); and

(4) require Great Western to provide each leasehold interest owner in said W/2NW/4 with monthly statement of costs incurred together with the quantity of oil and gas produced and proceeds realized, pursuant to C.R.S. §34-60-116(8).

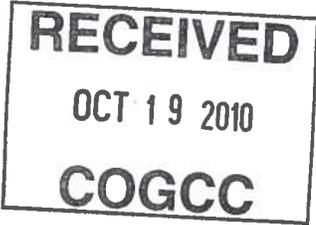
RESPECTFULLY SUBMITTED this 7<sup>th</sup> day of October, 2010.

**LOHF SHAIMAN JACOBS HYMAN  
& FEIGER, P.C.**

By: \_\_\_\_\_

J. Michael Morgan

**Great Western's Address:**  
1700 Broadway, Suite 1170  
Denver, CO 80290



VERIFICATION

STATE OF COLORADO )  
 )  
CITY AND COUNTY OF DENVER ) ss.

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. He is a Petroleum Landman employed as the Land Manager for Great Western Oil and Gas Company, LLC whose address is 1700 Broadway, Suite 650, Denver, CO 80290.

2. He has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.

*Royce H. Allen*  
\_\_\_\_\_  
Royce H. Allen

Subscribed and sworn to before me this 5 day of October, 2010.

Witness my hand and official seal.  
My commission expires: 8/13/2013



*Jessica Reale*  
\_\_\_\_\_  
Notary Public