



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

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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. 1101-UP-07

**REQUEST FOR APPROVAL OF APPLICATION UNDER RULE 511.b**

1. In its Verified Application filed on October 7, 2010, Great Western Oil and Gas Company, LLC ("Great Western") petitioned the Colorado Oil and Gas Conservation Commission (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, in the W1/2NW1/4 of Section 31, Township 7 North, Range 65 West, 6th P.M., Weld County Colorado ("Section 31" hereinafter).

2. Colorado Revised Statute §34-60-116(4) authorizes the Commission to establish drilling units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights, and to pool all interests therein.

3. Commission Rule 318A, which was adopted on April 27, 1998, provides that a well may be drilled and production commingled from formations, including the J Sand, Codell and Niobrara 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. By application of this Rule, the Commission has necessarily found that an 80-acre drilling unit is not less than the maximum area than can be efficiently, economically and effectively drained by a single well producing oil, gas and associated hydrocarbons from the Codell, Niobrara and J Sand Formations underlying the NW1/4 of Section 31.

4. The Application further seeks an order 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 from the Gustafson #31-11 to be located well in the NW1/4NW1/4, and such other infill well as may be drilled under Commission Rule 318A.

5. The date set for protests of this Application was December 30, 2010. To the best of Great Western's knowledge and/or belief, no protests have been or will be filed, and the Application will therefore be uncontested.

6. The Written Testimony of Royce H. Allen, the Land Manager of Great Western, is submitted with this Request. That testimony establishes that:

A. Great Western owns an oil and gas leasehold interest in the W1/2NW1/4 of Section 31.

B. The records of the Commission indicate, and to the best of Great Western's knowledge, no wells have been drilled in the W1/2NW1/4 of Section 31 as of the date of filing of the Application.

C. Great Western has obtained a permit for and desires to drill the Gustafson #31-11 Well to be located in the NW1/4NW1/4 of Section 31, to the Codell and/or Niobrara Formations.

D. In its Application for Permit-to-Drill for this well, Great Western has designated the W1/2NW1/4 of the Application Lands as the drilling and spacing unit for the Codell and Niobrara Formations.

E. 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 the 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

F. 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.

G. As of the date of this Request 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.

H. 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.

7. The establishment of the requested unit, and the pooling of all non-consenting interests, will prevent or assist in preventing waste by assuring that all potential locations may be drilled 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.

8. The establishment of such unit and the pooling of all non-consenting interests in the proposed unit will protect the correlative rights of both leasehold and mineral owners.

9. Great Western agrees to be bound by an oral order of the Commission.

WHEREFORE, the Applicant, Great Western Oil and Gas Company, LLC, respectfully submits that its Application is supported and should be considered by the Director and Commission pursuant to Rule 511.b, based on the merits of the Verified Application and the testimony submitted with this Request.

RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of December, 2010.

**LOHF SHAIMAN JACOBS HYMAN & FEIGER PC**

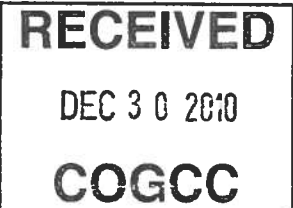
By: 

J. Michael Morgan, #7279

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**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 )  
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**STATEMENT OF FACTS OF ROYCE H. ALLEN**

The undersigned, Royce H. Allen, hereby affirms that the testimony set forth below is true and correct to the best of his knowledge and belief:

1. I am Land Manager of Great Western Oil and Gas Company, LLC ("Great Western") and maintain my office at 1700 Broadway, Suite 650, Denver, Colorado 80290.
2. I have reviewed the Application of Great Western in this matter and am familiar with the facts set forth and the relief requested therein. I believe the facts set forth therein continue to be true and correct.
3. 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).
4. The records of the Commission indicate, and to the best of applicant's knowledge, no wells have been drilled in the W1/2NW1/4 of Section 31 as of the date of filing of the Application.
5. Great Western has obtained a permit for and desires to drill the Gustafson #31-11 Well in the NW1/4NW1/4 of Section 31 (API#05-123-31295), to the Codell and/or Niobrara Formations. In its Application for Permit-to-Drill for this well, Great Western has designated the W1/2NW1/4 of the Application Lands as the drilling and spacing unit for the Codell and Niobrara Formations. Great Western may also wish to drill an infill well as authorized and at a location specified in Commission Rule 318A.
6. 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 oil and gas lease to, and attempted to negotiate a lease with, the unleased mineral owners listed on **Exhibit A** to the Application, covering their unleased oil and gas rights in the W1/2NW1/4 of Section 31. The terms of the leases offered are reasonable and no less favorable than those prevailing in the area at this time.
7. Great Western has also sent a proposed Authorization for Expenditure to such unleased mineral owners, giving them the opportunity to participate in the drilling of the proposed well.

8. Such unleased mineral owners have failed to agree to lease their interests in the W1/2NW1/4 of Section 31, or to bear their share of the costs of drilling and completing the proposed well.

9. 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.

5. I believe the establishment of the requested drilling and spacing unit, and the pooling of all non-consenting interest owners in the requested unit, will prevent or assist in preventing waste by assuring that all potential locations may be drilled 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.

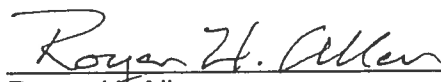
6. I further believe the establishment of the requested unit will protect the correlative rights of both leasehold and mineral owners.

7. To the best of my knowledge after reasonable investigation, Great Western has received no protests, either written or oral, to the pending Application.

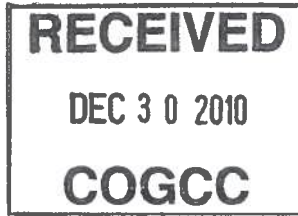
STATE OF COLORADO                     )  
   ) ss.  
COUNTY OF WELD                     )

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that he has read the foregoing Statement of Facts, 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.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of December, 2010.

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

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J. MICHAEL MORGAN, EXT. 227  
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ALSO ADMITTED IN WYOMING

December 29, 2010

**VIA FEDERAL EXPRESS**

Ms. Margaret Humecki  
Colorado Oil & Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203

Re: Cause No. 407  
Docket No. ~~1011~~-UP-07

1101

Dear Marg:

We enclose the following for filing and consideration by the hearing officers:

1. Request for Approval of Application under Rule 511.b.
2. Statement of Facts signed and sworn by Royce H. Allen, Land Manager of the Applicant.
3. Proposed Report of the Commission and Order.

Copies of each of the above documents are also being submitted via email in Microsoft Word format addressed to: [Margaret.Humecki@state.co.us](mailto:Margaret.Humecki@state.co.us).

Please let us know if anything further is required in order to consider this Request.

Very truly yours,

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC



J. Michael Morgan  
JMM:tlh

Enclosures (as stated)

cc: Client (w/enclosures)