

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

IN THE MATTER OF THE PROMULGATION AND ESTABLISHMENT OF FIELD RULES TO GOVERN OPERATIONS IN THE WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NOS. 407, 499, and 232
DOCKET NO. 1102-UP-12

NOTICE OF HEARING

On October 19, 1981, the Commission issued Order No. 232-23 which, among other things, amended Order No. 232-20 to establish additional 320-acre drilling and spacing units and allow a second well to be drilled for production of gas and associated hydrocarbons from the "J" Sand Formation, for certain lands, including Sections 7, 8, 17, 18, and 19, Township 3 North, Range 66 West, 6th P.M., ("Application Lands").

On November 21, 1983, the Commission issued Order No. 407-1, which, among other things, established 80-acre drilling and spacing units for certain lands, including Sections 7, 8, 17, 18, and 19, Township 3 North, Range 66 West, 6th P.M., for production of gas and associated hydrocarbons from the Codell Formation.

On April 7, 1992, amended August 20, 1993, the Commission issued Order No. 407-87, which, among other things, established 80-acre drilling and spacing units for certain lands including Sections 7, 8, 17, 18, and 19, Township 3 North, Range 66 West, 6th P.M., for production of gas and associated hydrocarbons from the Codell-Niobrara Formations.

On July 20, 1992, amended April 13, 1993, the Commission issued Order No. 499-7, which among other things, established drilling and spacing units for the Codell, Niobrara, Sussex, and Shannon Formations at either 160 acres, or the same size as for the Dakota, and "J" Sand Formations for Sections 7, 8, of the Application Lands, but not for Sections 17, 18, and 19 of the Application Lands.

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, among other things, interior infill and boundary wells to be drilled and wellbore spacing units to be established. Sections 7, 8, 17, 18, and 19, Township 3 North, Range 66 West, 6th P.M., were included in this Rule.

On September 1, 2010, Kerr-McGee Oil & Gas Onshore LP (Kerr-McGee), by its attorneys, filed a verified Application with the Commission seeking an order of the Commission pooling specifically named non-consenting interests for certain described wells and future wells drilled in drilling and spacing units and designated wellbore spacing units established for the production of oil, gas and associated hydrocarbons from the Codell, Niobrara and "J" Sand Formations located within portions of Sections 7, 8, 17, 18 and 19 in Township 3 North, Range 66 West, 6th P.M. The September 1, 2010 application was heard and approved by the Commission at its November 29, 2010 hearing, and resulted in Order No. 232-262 and Order No. 407-381.

On November 24, 2010, Kerr-McGee, by its attorneys, filed a verified Application with the Commission seeking an order of the Commission pooling specifically named non-consenting interests for certain described wells and future wells drilled in drilling and spacing units and designated wellbore spacing units established for the production of oil, gas and associated hydrocarbons from all producing formations, including but not limited to the Sussex and Dakota Formations located within portions of Sections 7, 8, 17, 18 and 19 in Township 3 North, Range 66 West, 6th P.M. This Application covers the same lands as the September 1, 2010 application, but includes the Sussex Formation, Dakota Formation, and all other producing formations.

Exhibit "A" to this notice is a spreadsheet of certain wells that Kerr-McGee has either drilled or is preparing to drill to produce gas from the Sussex, Dakota, Codell, Niobrara and "J" Sand Formations. The spreadsheet also includes the land description of the spacing unit for each well. These wells are subject to Commission Order Nos. 407-87 and 232-23, and Rule 318A for the Codell and Niobrara Formations, Order 499-15 for the Dakota Formation, and Order No. 232-23 for the "J" Sand Formation. Sections 7 and 8 of the Application Lands are subject to Order 499-07 for the Sussex Formation, while sections 17, 18, and 19 of the Application Lands are subject to Rule 318., for the Sussex Formation.

Kerr-McGee has identified the following parties as owners of unleased mineral interests in each of the wells described in Exhibit "A":

Francis Nuckolls Kelly, daughter of Rupert B. Nuckolls and Georgia E. Nuckolls

Peggy Ann Stephenson, daughter of Margaret Mauss Stephenson and Ross Stephenson

(Specifically Named Parties).

Kerr-McGee claims it has used diligent and exhaustive efforts to locate these Specifically Named Parties, but has been unable to do so. Kerr-McGee seeks to serve these Specifically Named Parties by publication of this Notice.

Kerr-McGee seeks an order pooling the Specifically Named Parties' non-consenting interests in each drilling unit for the described well(s) within that unit and for wells drilled in the future in that unit for the development and operation of the Sussex, Dakota, Codell, Niobrara, and "J" Sand Formations, as applicable, retroactive to the date each listed well was (or is) spudded, or to the Application date, whichever is the earliest, in accordance with C.R.S. §34-60-116 and Rule 530., of the Commission.

Due to the time and expense of determining the names and addresses of all interested parties (which is significant based on the number of drilling units) to this Application, Kerr-McGee also requests as part of this Application that a variance under Rule 502.b. be granted to the giving of notice of this Application to all interested parties as otherwise required under Rule 503.e. Kerr-McGee states that these parties are not being force pooled and therefore they are not prejudiced by lack of specific notice. Kerr-McGee claims that Notice by publication will also protect such interests.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above entitled matter for hearing on:

Date: Tuesday, February 22, 2011
Wednesday, February 23, 2011

Time: 9:00 a.m.

Place: Suite 801, The Chancery Building
1120 Lincoln Street
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 Humicki 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 28, 2011, 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. An original and 13 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 31, 2011. 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 28, 2011, the Applicant may request that an administrative hearing be scheduled during the week of January 31, 2011. 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.

IN THE NAME OF THE STATE OF COLORADO
OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By
Rob A. Willis, Acting Secretary

Dated at Suite 801
1120 Lincoln Street
Denver, Colorado 80203
January 20, 2011 Attorneys for Applicant:
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