



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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 535
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS IN AN UNNAMED FIELD,) ORDER NO. 535-179
WELD COUNTY, COLORADO) **CORRECTED**

REPORT OF THE COMMISSION

The Commission heard this matter on July 9, 2012, in Suite 801, The Chancery Building, 1120 Lincoln Street, Denver, Colorado, upon application for an order to establish six approximate 960-acre drilling and spacing units, and authorize up to four horizontal wells within each unit, for Sections 5, 6, 7, 8, 19, 20, 29 and 30, Township 10 North, Range 57 West, 6th P.M. and Sections 1, 12, 19 and 30, Township 10 North, Range 58 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

FINDINGS

The Commission finds as follows:

1. Whiting Oil and Gas Corporation ("Whiting" 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. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. Sections 5, 6, 7, 8, 19, 20, 29 and 30, Township 10 North, Range 57 West, 6th P.M. and Sections 1, 12, 19 and 30, Township 10 North, Range 58 West, 6th P.M. are subject to Rule 318.a. for the Niobrara Formation.
5. On May 10, 2012, Whiting, by its attorneys, filed with the Commission pursuant to §34-60-116 C.R.S., a verified application ("Application") for an order to establish six approximate 960-acre drilling and spacing units for the below-described lands ("Application Lands"), and authorize up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries and no closer than 1200 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director:

Township 10 North, Range 57 West, 6th P.M.
Section 5: All
Section 8: N½

Township 10 North, Range 57 West, 6th P.M.
Section 6: All
Section 7: N½

Township 10 North, Range 57 West, 6th P.M.
Section 19: All
Section 30: N½

Township 10 North, Range 57 West, 6th P.M.
Section 20: All
Section 29: N½

Township 10 North, Range 58 West, 6th P.M.
Section 1: All

Section 12: N½

Township 10 North, Range 58 West, 6th P.M.

Section 19: All

Section 30: N½

6. On June 28, 2012, Whiting, 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. Land testimony and exhibits submitted in support of the Application by Scott McDaniel, Regional Land Manager for Whiting, showed Whiting is the majority leaseholder in the Application Lands, and that the lands are in the immediate vicinity of other Niobrara Formation wells that have been drilled, tested and completed. Testimony concluded that Niobrara type wells demonstrate the horizontal well development proposed by Whiting will prevent waste and protect correlative rights.

8. Geologic testimony and exhibits submitted in support of the Application by Mark K. Odegard, Staff Geologist for Whiting, included an analysis of a cross-section from the Niobrara Formation located within the Application Lands, indicating the Niobrara Formation is present throughout the Application Lands, and averages 345 feet in thickness.

9. Engineering testimony and exhibits submitted in support of the Application by Ralph L. Nelms, Senior Reservoir Engineer for Whiting, showed an estimated ultimate recovery of 378,000 barrels of oil with a resulting drainage area of approximately 240-acres per horizontal well. The testimony also showed the proposed 960-acre drilling and spacing unit is not smaller than the maximum area that can be efficiently drained by one horizontal Niobrara well and that the economics for the project are favorable.

10. The above-referenced testimony and exhibits show that granting the Application will allow more efficient reservoir drainage, will prevent waste, will assure a greater ultimate recovery of hydrocarbons, and will not violate correlative rights.

11. Whiting agreed to be bound by oral order of the Commission.

12. 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 to establish six approximate 960-acre drilling and spacing units for Sections 5, 6, 7, 8, 19, 20, 29 and 30, Township 10 North, Range 57 West, 6th P.M. and Sections 1, 12, 19 and 30, Township 10 North, Range 58 West, 6th P.M., and authorize up to four horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

ORDER

NOW, THEREFORE IT IS ORDERED, that **six** approximate 960-acre drilling and spacing units for the below-described lands, are hereby established, and up to four horizontal wells within each unit, are hereby approved, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries and no closer than 1200 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director.

Township 10 North, Range 57 West, 6th P.M.

Section 5: All

Section 8: N½

Township 10 North, Range 57 West, 6th P.M.

Section 6: All

Section 7: N½

Township 10 North, Range 57 West, 6th P.M.

Section 19: All
Section 30: N½

Township 10 North, Range 57 West, 6th P.M.
Section 20: All
Section 29: N½

Township 10 North, Range 58 West, 6th P.M.
Section 1: All
Section 12: N½

Township 10 North, Range 58 West, 6th P.M.
Section 19: All
Section 30: N½

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

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 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 11th day of July, 2012, as of July 9, 2012.

CORRECTED this 13th day of December, 2012, as of July 9, 2012

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By



Robert J. Frick, Secretary

