

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

| | | |
|---|---|-------------------------|
| IN THE MATTER OF THE APPLICATION OF |) | |
| INCREMENTAL OIL AND GAS (FLORENCE), LLC |) | |
| FOR AN ORDER ESTABLISHING AN |) | CAUSE NO. NEW |
| APPROXIMATE 625.84-ACRE DRILLING AND |) | |
| SPACING UNIT FOR THE NIOBRARA |) | |
| FORMATION IN SECTION 18 OF TOWNSHIP 19 |) | DOCKET NO. 1401-SP-2002 |
| SOUTH, RANGE 69 WEST, 6 TH P.M., UNNAMED |) | |
| FIELD, FREMONT COUNTY COLORADO. |) | |

AMENDED APPLICATION

The Applicant, Incremental Oil & Gas (Florence), LLC, ("Incremental"), by and through its undersigned attorney, respectfully submits this **AMENDED** Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order establishing an approximate 625.84-acre drilling and spacing unit for development and production of oil, gas and associated hydrocarbons from the Niobrara Formation, covering certain lands in Fremont County, Colorado. **NEW TEXT IN THIS AMENDED APPLICATION IS SHOWN IN BOLD, CAPITALIZED LETTERS. DELETED TEXT IS SHOWN WITH STRIKE THROUGHES.** In support of its **AMENDED** Application, Incremental states as follows:

1. Incremental is a Colorado limited liability company duly authorized to conduct business in Colorado, and is a registered operator in good standing with the Commission, COGCC Operator Number 10417.

2. Incremental owns a substantial leasehold position underlying:

Township 19 South, Range 69 West, 6th P.M.,
Section 18: Lots 1 and 2 of NW $\frac{1}{4}$, Lots 1 and 2 of SW $\frac{1}{4}$, E $\frac{1}{2}$ (aka All)

Containing 625.84 acres, more or less, Fremont County, Colorado

These lands are referred to as the ("Subject Lands"). Attached as Exhibit A is a map depicting the location of the Subject Lands.

3. The Subject Lands are not spaced with respect to the Niobrara Formation and 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.

4. 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.

5. To promote efficient drainage of the Niobrara Formation underlying the Subject Lands, to protect correlative rights and avoid waist, the Commission should establish an alternative drilling and spacing unit of approximately 625.84 acres, consisting of the Subject Lands, applicable to the drilling and producing of oil, gas and associated hydrocarbons from horizontal wells to the Niobrara Formation.

6. Incremental requests that the Commission issue an order allowing it to drill and complete one horizontal well to the Niobrara Formation in the proposed 625.84-acre drilling and spacing unit, with the option to drill a second horizontal well in such unit. Each proposed horizontal well shall be drilled in the designated drilling and spacing unit, regardless of lease lines within the unit, with the completed interval of such well in the Niobrara Formation no closer than ~~four hundred sixty (460)~~ **SIX HUNDRED (600)** feet from the boundaries of the drilling and spacing unit, and no closer than ~~nine hundred twenty (920)~~ **TWELVE HUNDRED (1,200)** feet from the completed interval in another well producing from the same common source of supply.

7. The drilling and spacing unit proposed by Incremental, and well location rules established in the requested order would be applicable to the drilling of horizontal wells only, with vertical and directional wells in the Niobrara Formation remaining subject to Commission Rule 318.a.

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. A drilling and spacing unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by a single horizontal well to the Niobrara Formation in the proposed drilling and spacing unit.

10. Attached as Exhibit B is plat of Incremental's Batfish 04-18 well that it plans to drill in the proposed drilling and spacing unit. The Batfish 04-18 well can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

11. The names and addresses of the interested parties hereto are set forth in Exhibit C; 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.

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

WHEREFORE, Incremental Oil & Gas (Florence), LLC respectfully requests that this matter be set for hearing on January 27 or 28, 2014, that notice of the hearing be given as required by law and that upon such hearing this Commission enter its Order consistent with Incremental's requests as set forth above.

Respectfully submitted this 24th day of November ~~November~~ **DECEMBER** 2013.

INCREMENTAL OIL & GAS (FLORENCE), LLC

By: _____


James Mowry, CO Bar No. 37041
Throne Law Office, P.C.
Attorney for Applicant
P.O. Drawer 6590
Sheridan, WY 82801
(307) 672-5858 Telephone
(307) 674-6104 Facsimile

Address of Applicant:

Incremental Oil & Gas (Florence), LLC
Diana Graves, Land Administrator
1400 16th St., Suite 400
Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
COUNT OF DENVER)

John Whisler, Executive Vice President of Incremental Oil & Gas (Florence), LLC, upon oath deposes and says that he has read the foregoing **AMENDED** Application and that the statements contained therein are true to the best of his knowledge, information and belief.

Incremental Oil & Gas (Florence), LLC

John Whisler
John Whisler, Executive Vice President

Subscribed and sworn to before me this 23rd day of December 2013
by John Whisler, Executive Vice President of Incremental Oil & Gas (Florence), LLC.

Witness my hand and official seal



Diana G. Graves
Notary Public

My commission expires: 9-3-2016

Application Lands - 

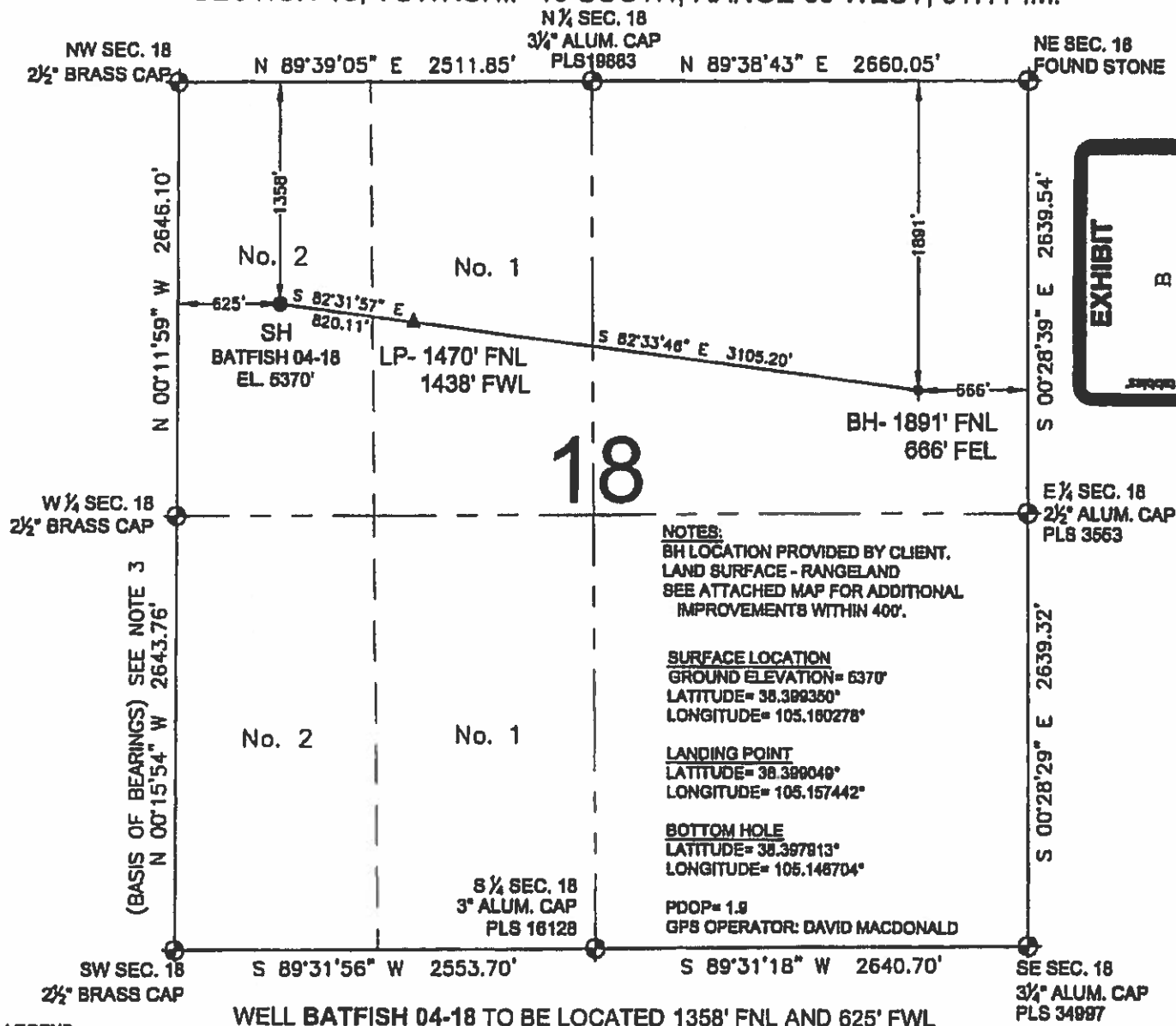
Sec. 18, T19S, R69W
Fremont County, Colorado

Exhibit A:
Application Map

| 27 | 26 | 25 | 30 | 29 | 28 |
|----|---------------|----|----|---------------|----|
| 34 | 35 18S 70W | 36 | 31 | 32 18S 69W | 33 |
| 03 | 02 | 01 | 06 | 05 | 04 |
| 10 | 11 | 12 | 07 | 08 | 09 |
| 15 | 14 19S 70W | 13 | 8 | 17 19S 69W | 16 |
| 22 | 23 | 24 | | 20 | 21 |

WELL LOCATION CERTIFICATE: BATFISH 04-18

SECTION 18, TOWNSHIP 19 SOUTH, RANGE 69 WEST, 6TH P.M.



NOTES:
BH LOCATION PROVIDED BY CLIENT.
LAND SURFACE - RANGELAND
SEE ATTACHED MAP FOR ADDITIONAL
IMPROVEMENTS WITHIN 400'.

SURFACE LOCATION
GROUND ELEVATION= 5370'
LATITUDE= 38.389350°
LONGITUDE= 105.180278°

LANDING POINT
LATITUDE= 38.389049°
LONGITUDE= 105.157442°

BOTTOM HOLE
LATITUDE= 38.387813°
LONGITUDE= 105.148704°

PDOP= 1.8
GPS OPERATOR: DAVID MACDONALD

LEGEND

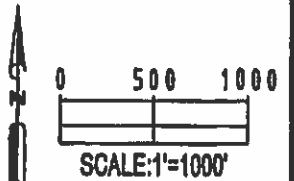
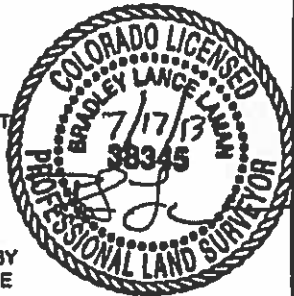
- ⊕ = EXISTING MONUMENT
- = PROPOSED WELL
- ⊕ = CALCULATED CORNER
- ▲ = LANDING POINT
- ◆ = EXISTING WELL
- ⊕ = BOTTOM HOLE

NOTES:

1. THIS FIELD SURVEY CONFORMS TO THE MINIMUM STANDARDS SET BY THE C.O.G.C.C., RULE NO. 215
2. HORIZONTAL POSITIONS AND ORTHOMETRIC ELEVATIONS SHOWN AT THE WELL HEAD, ARE BASED ON GPS-RTK POSITIONS DERIVED FROM MINIMUM 2-HOUR STATIC OBSERVATIONS CORRECTED BY THE NATIONAL GEODETIC SURVEY ONLINE POSITIONING USER SERVICE, O.P.U.S. DATUM: HORIZONTAL = NAD83/2011, VERTICAL = NAVD88
3. THE BASIS OF BEARINGS ARE STATE PLANE COORDINATE SYSTEM GRID BEARINGS SHOWN HEREON BETWEEN THE DESCRIBED MONUMENTS SHOWN HEREON.
4. GRID DISTANCES ARE SHOWN, AS MEASURED IN THE FIELD, WITH TIES TO WELLS MEASURED PERPENDICULAR TO SECTION LINES

I, BRADLEY L. LAMAN, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO DO HEREBY CERTIFY TO INCREMENTAL OIL & GAS (FLORENCE) LLC, THAT THE SURVEY AND WELL LOCATION CERTIFICATE SHOWN HEREON WERE DONE BY ME OR UNDER MY DIRECT SUPERVISION AND THAT THE DRAWING SHOWN HEREON ACCURATELY DEPICTS THE PROPOSED LOCATION OF THE WELL. THIS CERTIFICATE DOES NOT REPRESENT A LAND SURVEY PLAT OR IMPROVEMENT SURVEY PLAT AS DEFINED BY C.R.S. 38-51-102 AND CANNOT BE RELIED UPON TO DETERMINE OWNERSHIP.

BRADLEY L. LAMAN, PLS 38345
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR
FOR AND ON BEHALF OF P.F.S., LLC



| | | |
|---|--|-----------------------------|
| PREPARED BY: PFS PETER F. SUTHERLAND, LLC 1301 W. 12th Ave. Denver, CO 80204 | FIELD DATE: 08-03-13 | WELL NAME: BATFISH 04-18 |
| DRAWING DATE: 07-15-13 | SURFACE LOCATION: No. 2, NW 1/4, SEC. 18, T19S, R69W FREMONT COUNTY, COLORADO | |
| BY: KAD | CHECKED: MLP | |

NOTICE: ACCORDING TO COLORADO LAW YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THIS SAID DATE OF THIS CERTIFICATION SHOWN HEREON.

EXHIBIT C

INTERESTED PARTIES

The names and addresses of the interested parties according to the information and belief of the Applicant are set forth below.

Mineral Owners

Prize Energy Resources, L.P.
1700 Lincoln Street, Suite 1800
Denver, CO 80203

Daniel L. Slanovich, Gus J. Slanovich
And Chandler Creek Companies
P.O. Box 370286
Denver, CO 80237

NRC-CO 1, LLC
755 East Mulberry Avenue, 6th Floor
San Antonio, TX 78212-6013

Surface Owners

Betty Adamic Family Trust
15 Eagle Chase Court
Henderson, NV 89052

Daniel H. and Marie M. Adamic
880 MacKenzie Avenue
Cañon City, CO 81212

Parties required by Rule 507

Marshall Butler
Fremont County Planning And Zoning
615 Macon Avenue, Room 210
Cañon City, CO 81212

Energy Liaison
Colorado Parks & Wildlife
6060 Broadway
Denver, CO 80216

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

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| FIELD, FREMONT COUNTY COLORADO. |) | |

CERTIFICATE OF MAILING

STATE OF WYOMING)
) ss.
COUNT OF SHERIDAN)

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

That he is the attorney for Incremental Oil and Gas (Florence), LLC and that on or before December 26, 2013, he caused a copy of the **AMENDED** Application filed in this matter to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit C of the Application.



James Mowry

Subscribed and sworn to before me this 26th day of December
2013 by James Mowry.

Witness my hand and official seal.





Notary Public

My commission expires: July 27, 2016