

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

IN THE MATTER OF THE APPLICATION OF )  
EXTRACTION OIL & GAS, LLC FOR AN ORDER )  
ESTABLISHING AN APPROXIMATE 1280- )  
ACRE DRILLING AND SPACING UNIT AND )  
ESTABLISHING WELL LOCATION RULES )  
APPLICABLE TO THE DRILLING AND )  
PRODUCING OF WELLS FROM THE CODELL )  
FORMATION COVERING LANDS IN SECTIONS )  
2 AND 11, TOWNSHIP 10 NORTH, RANGE 67 )  
WEST, 6TH P.M., WELD COUNTY, )  
COLORADO. )

Cause NO. 535

Docket NO. \_\_\_\_\_

Intake NO. 52

APPLICATION

Extraction Oil & Gas, LLC ("Applicant" or "Extraction"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate 1280-acre drilling and spacing unit and establishing well location rules applicable to the drilling of wells and producing of oil and gas from the Codell Formation covering certain lands in Weld County, Colorado. In support of its Application, Applicant states as follows:

1. Applicant owns leasehold interests in the following lands ("Application Lands"):

Township 10 North, Range 67 West, 6th P.M.

Section 2: All

Section 11: All

A reference map of the Application Lands is attached hereto.

2. Rule 318.a. provides that a well drilled in excess of 2,500 feet in depth shall be located not less than 600 feet from any lease line, and shall be located not less than 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. The Application Lands are subject to this Rule.

3. On August 12, 2010, the Commission entered Order No. 535-2, which established 145 approximate 640-acre drilling and spacing units and approved one horizontal well within each unit for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. The Application Lands are subject to this Order.

4. The Codell Formation is a common source of supply under the Application Lands.

5. To promote efficient drainage of the Codell Formation within the Application Lands and to avoid waste, the Commission should vacate Order No. 535-2 as it pertains to the Application Lands and establish a drilling and spacing unit of approximately 1280 acres covering the Application Lands.

6. The above-proposed drilling and spacing unit will allow efficient drainage of the Codell Formation, will prevent waste, will not adversely affect correlative rights, and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell Formation. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that a well drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

7. Applicant requests that the order authorize the drilling and completion of one horizontal Codell well in the approximate 1280-acre drilling and spacing unit described above, with the option to drill and complete up to four (4) wells in the drilling and spacing unit with the surface location to be located at a legal location in the above described drilling and spacing unit or on adjacent lands. Applicant further requests that the treated interval of each wellbore be no closer than 600 feet from the treated interval of any other wellbore producing from the Codell Formation, and no closer than 300 feet from a unit boundary unless such boundary abuts or corners lands for which the Commission has not at the time of the drilling permit application granted the right to locate the treated interval of the wellbore no closer than 300 feet from a unit boundary. If the Commission has not at the time of the drilling permit application granted to the owners of the adjacent or cornering lands the right to locate the treated interval of the wellbore no closer than 300 feet from a unit boundary, then the treated interval of the wellbore shall be located no closer than the distance permitted in the adjacent or cornering lands, without exception being granted by the Director.

8. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Codell Formation, prevents waste, does not adversely affect correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell Formation. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that wells drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

9. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of the original Application shall be served on each interested party as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that, upon such hearing, this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 16th day of October, 2014.

Respectfully submitted,  
WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: 

Joseph C. Pierzchala  
Stephen J. Sullivan  
Welborn Sullivan Meck & Tooley, P.C.  
Attorneys for Applicant  
1125 - 17th Street, Suite 2200  
Denver, CO 80202  
303-830-2500

Applicant's Address:

1888 Sherman Street, Suite 200  
Denver, CO 80203

Attn: Aaron Koury, Senior Landman  
Phone: 720-382-5228

VERIFICATION

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

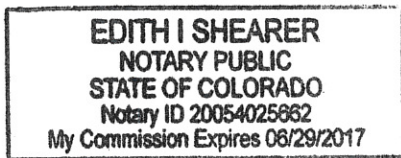
Aaron Koury, Senior Landman with Extraction Oil & Gas, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

EXTRACTION OIL & GAS, LLC

  
\_\_\_\_\_  
Aaron Koury, Senior Landman

Subscribed and sworn to before me this 16<sup>th</sup> day of October, 2014 by Aaron Koury, Senior Landman for Extraction Oil & Gas, LLC.

Witness my hand and official seal.




  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 06/29/2017

EXHIBIT A

INTERESTED PARTIES

T. Vern Dwyer  
508 West Wall, Ste. 403  
Midland, TX 79701

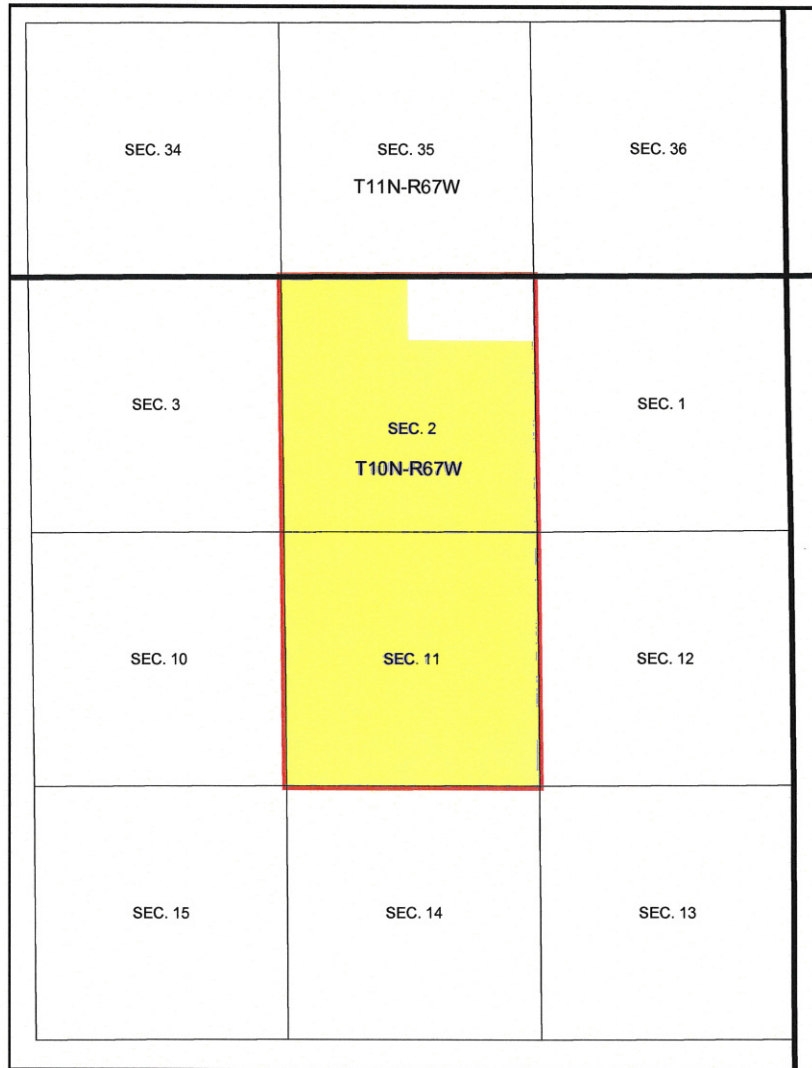
Lincoln Energy, LLC  
1800 Glenarm Place, Ste. 703  
Denver, CO 80202

Lone Tree Energy & Associates  
141 Union Boulevard, Suite 260  
Lakewood, CO 80228

Chesapeake Exploration, LLC  
PO Box 18496  
Oklahoma City, OK 73154

# SPACING UNIT

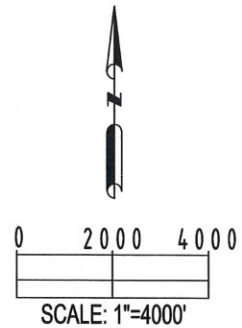
SECTION 2 & 11, TOWNSHIP 10 NORTH, RANGE 67 WEST, 6TH P.M.



SPACING UNIT AREA = 1282.98 ACRES

## LEGEND

- = SPACING UNIT
- = EXTRACTION LEASE



PREPARED BY:



DRAWING DATE:  
10-14-14

BY:  
WDW

CHECKED:  
SWW

SPACING UNIT:

SEC. 2 & 11

T10N, R67W, 6TH P.M.

WELD COUNTY, COLORADO

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Cause NO. 535

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*Intake No. 52*

AFFIDAVIT OF MAILING

STATE OF COLORADO §  
§  
CITY AND COUNTY OF DENVER §

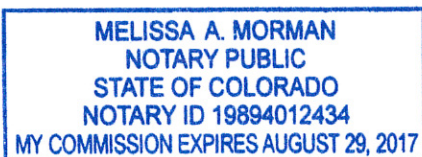
I, Joseph C. Pierzchala, of lawful age, and being first duly sworn upon my oath, state and declare:


That I am the attorney for Extraction Oil & Gas, LLC and that on or before October 22, 2014, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

  
\_\_\_\_\_  
Joseph C. Pierzchala

Subscribed and sworn to before me October 22, 2014.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public  
My commission expires: 8/29/2017



BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
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CITY AND COUNTY OF DENVER §

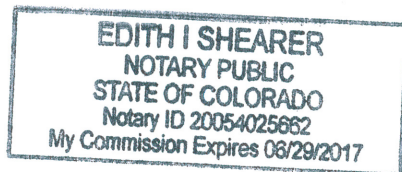
I, Joseph C. Pierzchala, of lawful age, and being first duly sworn upon my oath, state and declare:


That I am the attorney for Extraction Oil & Gas, LLC and that on or before 11/5/2014, 2014, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the **parties in bold on the Amended Exhibit A** to the Application.

  
\_\_\_\_\_  
Joseph C. Pierzchala

Subscribed and sworn to before me 11/5, 2014.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public  
My commission expires: 06/29/2017



**AMENDED EXHIBIT A**

**INTERESTED PARTIES**

T. Vern Dwyer  
508 West Wall, Ste. 403  
Midland, TX 79701

Lincoln Energy, LLC  
1800 Glenarm Place, Ste. 703  
Denver, CO 80202

Lone Tree Energy & Associates, **LLC**  
**3 W Dry Creek Cir.**  
**Littleton, CO 80120**

Chesapeake Exploration, LLC  
PO Box 18496  
Oklahoma City, OK 73154

**Kent Kuster**  
**Oil & Gas Consultant Coordinator**  
**CDPHE**  
**4300 Cherry Creek Drive South**  
**Denver, CO 80246-1500**

**Tom Schreiner**  
**Northeast Region Office**  
**Energy Liaison – Colorado Parks and Wildlife**  
**6060 Broadway**  
**Denver, CO 80216**

**Tom Parko**  
**Weld County**  
**1555 North 17th Street**  
**Greeley, CO 80631**