

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

IN THE MATTER OF THE APPLICATION OF
VERDAD OIL & GAS CORPORATION FOR AN
ORDER TO VACATE PORTIONS OF ORDER
NO. 407-87 AND ESTABLISH AN
APPROXIMATE 640-ACRE DRILLING AND
SPACING UNIT AND APPROVE UP TO
SIXTEEN (16) WELLS WITHIN THE 640-ACRE
DRILLING AND SPACING UNIT FOR THE
CODELL AND NIOBRARA FORMATIONS IN
SECTION 24, TOWNSHIP 1 NORTH, RANGE
65 WEST, 6TH P.M., WATTENBERG FIELD,
WELD COUNTY, COLORADO

Cause No.

Docket No.

APPLICATION

Verdad Oil & Gas Corporation (Operator No. 10485) ("Verdad" or "Applicant"), by and through its attorneys, Jost & Shelton Energy Group, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to vacate portions of Order No. 407-87 and establish an approximate 640-acre drilling and spacing unit and authorize up to sixteen (16) horizontal wells within the 640-acre drilling and spacing unit in order to recover the oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly organized and authorized to conduct business in the State of Colorado.
2. Applicant owns leasehold interests or holds the right to operate on the following lands (hereafter "Application Lands"):

Township 1 North, Range 65 West, 6th P.M.
Section 24: All

640-acres, more or less, Weld County, Colorado.

3. 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 interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again

amended to, among other things, address drilling of horizontal wells but did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

4. On February 19, 1992, the Commission entered Order No. 407-87 (amended August 20, 1993) which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Niobrara Formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. Applicant is requesting that Order No. 407-87 be vacated only as it applies to the Application Lands.

5. The records of the Commission reflect that no wells are currently drilled and completed to the Codell or Niobrara Formation underlying Application Lands.

6. Applicant requests that Order No. 407-87 be vacated only as it applies to the Application Lands for the Codell and Niobrara Formations.

7. To promote efficient drainage within the Codell and Niobrara Formations underlying Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an approximate 640-acre drilling and spacing unit for Application Lands.

8. That the above-proposed drilling and spacing unit will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs.

9. That the Applicant is requesting to drill and complete up to sixteen (16) horizontal wells with the surface locations for the wells to be anywhere within the unit but no more than one (1) surface location per quarter-quarter section within the unit, unless an exception is granted by the Director or as otherwise approved by a surface owner in order to recover the oil, gas and associated hydrocarbons within the 640-acre drilling and spacing unit. There will be no adverse effect on correlative rights of adjacent owners.

10. The Applicant requests that the treated interval of the proposed horizontal wells shall be no closer than 460 feet from the boundaries of the unit (regardless of the lease lines within the unit), and not less than 150 feet from the treated interval of another well within the unit, unless an exception is granted by the Director.

11. The undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing this Commission enter its order:

A. Vacating Order No. 407-87 only as it applies to the Application Lands for the Codell and Niobrara Formations.

B. Establishing an approximate 640-acre drilling and spacing unit for Section 24, Township 1 North, Range 65 West, 6th P.M. and allowing up to sixteen (16) horizontal wells in the unit in order to develop and recover the oil, gas and associated hydrocarbons from of the Codell and Niobrara Formations.

C. Providing that the treated interval any horizontal well shall be no closer than 460 feet from the boundaries of the unit and not less than 150 feet from the treated interval of another well within the unit, and authorizing surface locations for the wells to be anywhere within the unit but no more than one (1) surface location per quarter-quarter section, unless an exception is granted by the Director, or as otherwise approved by a surface owner.

D. Finding that an approximate 640-acre drilling and spacing unit for the development of the Codell and Niobrara Formations underlying the Application Lands will prevent waste, protect correlative rights, and allow for the development of the Codell and Niobrara Formations in Section 24, Township 1 North, Range 65 West, 6th P.M.

E. For such other findings and orders as the Commission may deem proper or advisable in this matter.

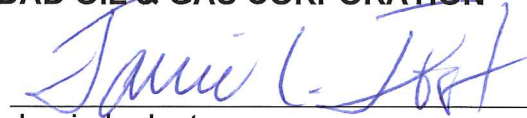
WHEREFORE, Applicant respectfully requests that this matter be set for hearing in March 2015, that notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

DATED December 22, 2014.

Respectfully submitted:

VERDAD OIL & GAS CORPORATION

By:



Jamie L. Jost

Joseph M. Evers

Jost & Shelton Energy Group, P.C.

Attorneys for Applicant

1675 Larimer St., Suite 420

Denver, Colorado 80202

(720) 379-1812

jjost@jsenergygroup.com

jevers@jsenergygroup.com

Applicant's Address:

Verdad Oil & Gas Corporation

ATTN: Johnny Beecherl

5950 Cedar Springs Road, Suite 200

Dallas, TX 75235

VERIFICATION

STATE OF TEXAS

CITY AND COUNTY OF DALLAS

)
) ss.
)

Philip W. Davis, of lawful age, being first duly sworn upon oath, deposes and says that he is Vice-President of Land for Verdad Oil & Gas Corporation, and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Th. D.

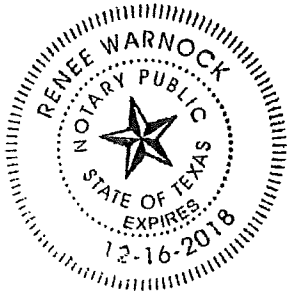
Philip W. Davis
Vice-President of Land
Verdad Oil & Gas Corporation


Subscribed and sworn to before me this 22 day of December 2014.

Witness my hand and official seal.

[SEAL]

My commission expires: 12-16-2018




Notary Public

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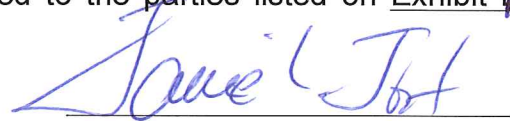
Docket No.

AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

Jamie L. Jost of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Verdad Oil & Gas Corporation, and that on or before December 22, 2014 she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B attached hereto.

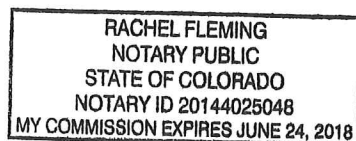


Jamie L. Jost

Subscribed and sworn to before me this 22 day of December, 2014.

Witness my hand and official seal.

My commission expires: June 24, 2018



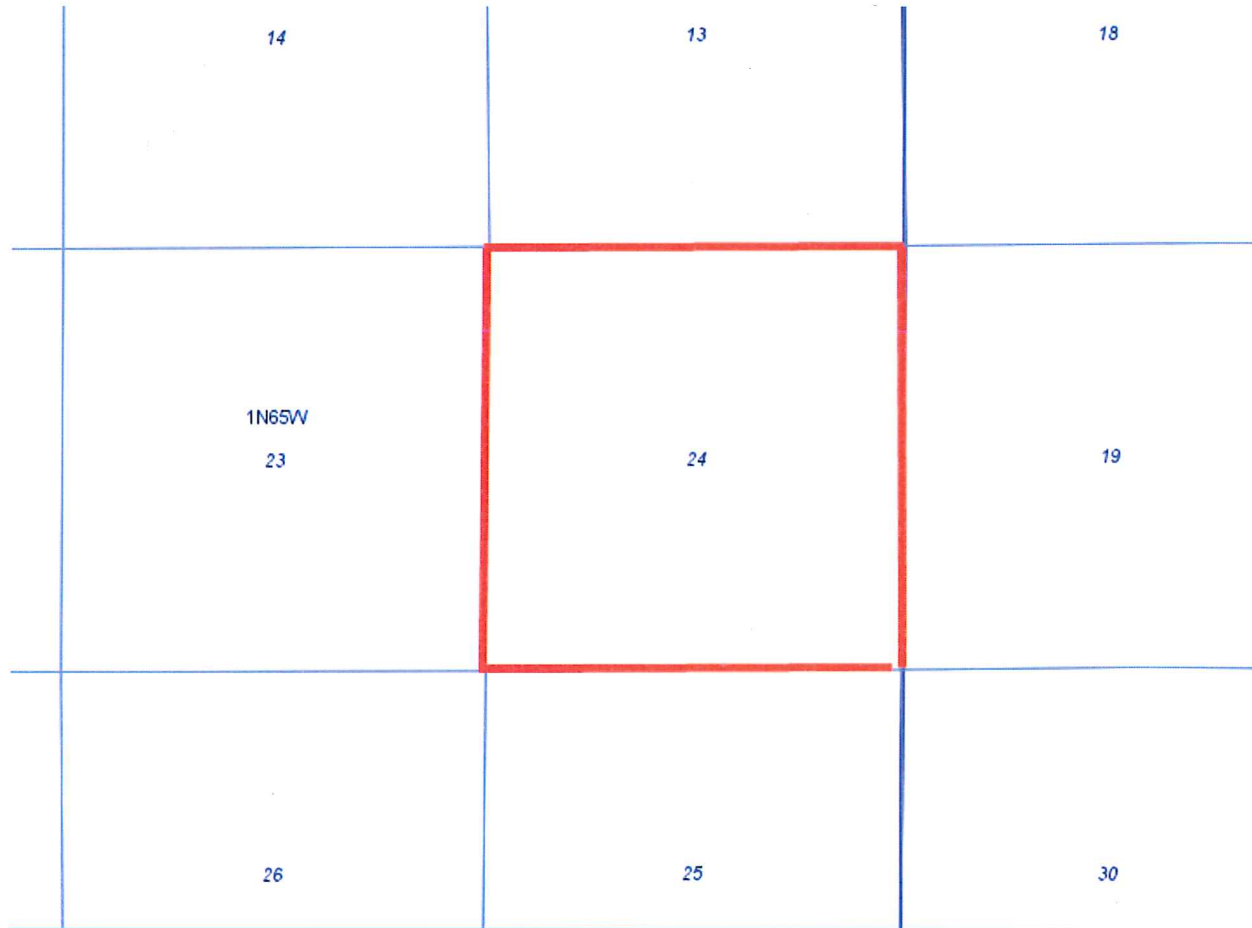


Notary Public

Reference Map

Verdad Oil & Gas Corporation

Section 24, Township 1 North, Range 65 West, 6th P.M.



* There are no federally owned minerals within or adjacent to the Application Lands.

Exhibit 1

Interested Parties List

Verdad Oil & Gas Corporation
5950 Cedar Springs Road, Suite 200
Dallas, Texas 75235

OOGC America LLC
9805 Katy Freeway, Suite 500
Houston, TX 77024

Kerr-McGee Oil & Gas Onshore LP
1099 18th Street, Suite 1800
Denver, CO 80202

Bill Barrett Corporation
1099 18th Street, Suite 2300
Denver, CO 80202

Karen E. Poole and John N. Wilbur
23886 WCR #8
Hudson, CO 80642

Eileen M. Meehl and Gerald A. Meehl,
As Trustees of the Meehl Family Trust
397 Eastern Drive
Brighton, CO 80601

Gene L. Andrews, Jr.
23507 WCR #8
Hudson, CO 80642

Gene L. Andrews and Phyllis J. Andrews
23708 WCR #8
Hudson, CO 80642

John B. Andrews and LuAnne L.
Andrews
23706 WCR #8
Hudson, CO 80642

The Henrylyn Irrigation District
617 Brich St. P.O. Box 85
Hudson, CO 80642

Ameritas Life Insurance Corp.
5900 O Street
Lincoln, NE 68501

Boxelder Creek Properties
1012 13th St.
Golden, CO 80401-1806

Robert J. Wuertz
3524 County Road 47
Hudson, CO 80642-8902

Sandra Wuertz Amen
3991 County Road 47
Hudson, CO 80642

Gary Wuertz
3726 rue de Buillion
Montreal, QC
Canada H2X 3A3

Michael Wuertz
4424 County Road 47
Hudson, Colorado 80642

Zachary A. Owens
P.O. Box 577
Hudson, CO 80642

Kenneth D. Bollers
3017 County Road 47
Hudson, CO 80642

James D. Phillips
12650 W 64th Ave. #E404
Arvada, CO 80004-3893

Matthew Carl Chambers and Wendy
Kay Chambers
17617 Highway 52
Fort Lupton, CO 80621-8603

John B. Parker and Shaaron B. Parker,
Trustees of the John B. Parker and
Shaaron B. Parker Family Trust dated
December 22, 1995
P.O. Box 319
Keenesburg, CO 80643

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

E. Michael Meany
4719 E. Pinewood Circle
Centennial, CO 80121

S. Reger Family Mineral Partnership
Dated 06/09/2006
1605 Westridge Circle
Billings, MT 59102

Ryan Family Mineral Partnership Dated
06/27/2003
P.O. Box 117
Billings, MT 59103

Baldrige Family Mineral Partnership
dated 10/16/2008
707 Iowa
Whitefish, MT 59937

Meany Family LLC
4719 E. Pinewood Circle
Littleton, CO 80121

Hoefle Royalty Partners
2812 First Avenue North, Suite 502
Billings, MT 59101

Tom Schreiner
Colorado Parks and Wildlife
6060 Broadway
Denver, CO 80526

Ken Kuster
Colorado Department of State Health
and Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530