

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

IN THE MATTER OF THE APPLICATION)	
OF THE PROMULGATION AND)	CAUSE NO. 540
ESTABLISHMENT OF FIELD RULES TO)	
GOVERN OPERATIONS FOR THE)	Docket No. 150500287
NIOBRARA FORMATION, BUCK PEAK)	
FIELD, ROUTT COUNTY, COLORADO)	TYPE: SPACING

AMENDED APPLICATION

SWN Production Company, LLC ("SWN"), by and through its attorneys, Burns, Figa, & Will, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "COGCC") for an order to establish an approximate **173.4145**-acre drilling and spacing unit and to approve up to three (3) horizontal wells and one (1) vertical wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara formation in the following lands:

Township 6 North, Range 89 West, 6th P.M.

Section 29: S/2 of Lot 9
E/2, SW/4 of Lot 15
W/2, NE/4 of Lot 16
Section 32: NW/4 of Lot 1
Lot 2
E/2 of Lot 3
N/2 of Lot 7

Routt County, Colorado, containing approximately **173.4145** acres ("Application Lands"), depicted in the attached Reference Map.

In support of its Application, SWN states and alleges as follows:

1. SWN is a corporation duly authorized to do business in Colorado and is registered as an operator in good standing with the COGCC.
2. SWN is an Owner with the right to drill into and produce from the Application Lands.
3. The Application Lands are subject to COGCC Rule 318.a., which provides that wells drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) 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 COGCC upon hearing. There are no specific COGCC orders applicable to the Application Lands.

4. The top of the stratigraphic interval for the Niobrara formation is approximately 7719 feet. The Niobrara formation is a common source of supply underlying the Application Lands.

5. The Application Lands contain one producing oil and gas well, named Gnat Hill #1-29 (API #05-107-06243) ("Gnat Hill Well"). SWN intends to include this well within the drilling and spacing unit proposed in this Application. The establishment of the proposed drilling and spacing unit will result in efficient and economic development of the Application Lands.

6. The Application Lands were formerly contained within the Skeeters Federal Unit (Serial Number COC-75127X) ("Skeeters Unit"). The Skeeters Unit was terminated on September 30, 2014. The Gnat Hill Well established initial production as of October 28, 2014. For the purpose of clarifying the timing of production for the equitable distribution of royalty payments, an order for the spacing of the Application Lands from the COGCC should be made effective as to the date of the initial production of the Gnat Hill Well.

7. The Application Lands contain no acreage belonging to the United States of America. The Application Lands do contain leased acreage belonging to the State of Colorado in addition to private leases held by SWN. The state leases shall be subject to an approved Communitization Agreement with the State Land Board. These leases were formerly a part of the Skeeters Unit, and SWN has engaged the Colorado State Board of Land Commissioners in concurrent discussions regarding the communitization of the Application Lands.

8. SWN requests that the COGCC establish an approximate **173.4145**-acre drilling and spacing unit comprised of the Application Lands, for production of oil, gas, and associated hydrocarbons from the Niobrara 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.

9. SWN further requests that the COGCC approve the drilling and completion of up to three (3) horizontal and one (1) vertical wells within the unit, from locations anywhere within the unit, as necessary to economically and efficiently recover resources from the Niobrara formation, with the treated interval of each well to be located not less than six hundred (600) feet from the unit boundaries, and inter-well setbacks of not less than one hundred and fifty (150) feet from the treated interval of any other well producing from a common source of supply, without exception being granted by the Director. These locations and setbacks will promote economic and efficient drainage, protect correlative rights, and avoid waste. Surface locations for these wells shall be limited to three (3) well pads.

10. The names and addresses of the interested parties, according to SWN's information and belief, are set forth in the attached Exhibit A, and the undersigned certifies that copies of this Application will be served on each interested party within the next seven days, as required by Rule 503.e.

WHEREFORE, SWN respectfully requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that the COGCC enter an Order to:

- A. Establish an approximate **173.4145**-acre drilling and spacing unit in the Application Lands;
- B. The approximate **173.4145**-acre drilling and spacing unit shall apply to the Gnat Hill 1-29 Well, and be effective as to the first date of production from the Gnat Hill 1-29 Well; and
- B. Approve up to three (3) horizontal and one (1) vertical wells within the unit, from locations anywhere within the unit, as necessary to economically and efficiently recover resources from the Niobrara formation, with the treated interval of each well to be located not less than six hundred (600) feet from the unit boundaries, and inter-well setbacks of not less than one hundred and fifty (150) feet from the treated interval of any other well producing from a common source of supply, without exception being granted by the Director. Surface locations for these wells shall be limited to three (3) well pads.

DATED this **15th** day of **June**, 2015.

Respectfully submitted,

SWN PRODUCTION COMPANY, LLC

By: 

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EXHIBIT A

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