

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

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| IN THE MATTER OF THE APPLICATION OF |) | CAUSE NO. 407 |
| MINERAL RESOURCES, INC. FOR AN ORDER TO |) | |
| ESTABLISH AN APPROXIMATE 480-ACRE DRILLING |) | DOCKET NO. 1401-UP-01 |
| AND SPACING UNIT FOR UP TO FIVE HORIZONTAL |) | |
| WELLS AND TO POOL ALL INTERESTS THE |) | |
| DRILLING AND SPACING UNIT ESTABLISHED FOR |) | |
| SECTIONS 1 AND 12, TOWNSHIP 5 NORTH, RANGE |) | |
| 66 WEST, 6 TH P.M., FOR THE CODELL AND |) | |
| NIOBRARA FORMATIONS, WATTENBERG FIELD, |) | |
| WELD COUNTY, COLORADO |) | |

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On December 19, 1983, the Commission issued Order No. 407-1 (amended March 29, 2000) which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Codell Formation, with the unit to be designated by the operator drilling the first well in the quarter section. The permitted well shall be located in the center of either 40-acre tract within the unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit. Sections 1 and 12, Township 5 North, Range 66 West, 6th P.M. are subject to this Order for the Codell Formation.

On February 19, 1992, the Commission issued 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 Codell and Niobrara Formations, with the permitted well locations in accordance with the provisions of Order No. 407-1. Sections 1 and 12, Township 5 North, Range 66 West, 6th P.M. are subject to this Order for the Codell and Niobrara Formations.

On April 27, 1988, 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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A was amended, among other things, 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, among other things, to address drilling of horizontal wells. Sections 1 and 12, Township 5 North, Range 66 West, 6th P.M. are subject to Rule 318A for the Codell and Niobrara Formations.

On October 31, 2013, Mineral Resources, Inc. ("Mineral" or "Applicant"), by its attorneys, filed with the Commission pursuant to §34-60-116 C.R.S., a verified application ("Application") for an order to: 1) establish an approximate 480-acre drilling and spacing unit for the below-described lands ("Application Lands"), and approve up to five horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the productive interval of the wellbore to be located no closer than 460 feet

from the unit boundaries and no closer than 150 feet from the productive interval of any other wellbore located in the unit, without exception being granted by the Director; and 2) to pool all interests in an approximate 480-acre drilling and spacing unit established for the below described Application Lands, for the development and operation of the Codell and Niobrara Formations, effective as of the earlier of the date of the Application, or the date that any of the costs specified in C.R.S. §34-60-116(7)(b)(II) were first incurred for the drilling of the CS Scott 1-1-12, CS Scott 2-1-12, CS Scott 3-1-12, CS Scott 4-1-12, CS Scott 5-1-12 ("Wells"), and to subject any nonconsenting interests to the cost recovery provisions of C.R.S. §34-60-116(7):

Township 5 North, Range 66 West, 6th P.M.

Section 1: W $\frac{1}{2}$

Section 12: NW $\frac{1}{4}$

Applicant is not requesting the change of any established 80-acre drilling and spacing units established by Order No. 407-87 or the established distribution of proceeds from any existing vertical Niobrara formation well. Applicant will allocate and distribute proceeds from the horizontal wells on a 480-acre basis.

Applicant requests to locate the surface facilities for the proposed horizontal wells on adjacent lands in the SE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado under §34-60-105 C.R.S.; 2) specific powers granted pursuant to §34-60-106 C.R.S.; 3) the State Administrative Procedures Act at §24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2 CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, January 27, 2014
Tuesday, January 28, 2014

Time: 9:00 a.m.

Place: Centennial Building
1313 Sherman Street, Room 318
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than January 10, 2014, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. One electronic (cogcc.hearings_unit@state.co.us), one original and two copies shall be filed with the

Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of January 13, 2014.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **January 10, 2014, the Applicant may request that an administrative hearing be scheduled beginning January 13, 2014.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By


Robert J. Frick, Secretary

Dated: December 20, 2013

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