

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

IN THE MATTER OF THE APPLICATION OF) CAUSE NO. 381
EXTRACTION OIL & GAS, LLC FOR AN ORDER)
TO POOL ALL INTEREST AN APPROXIMATE 320-) DOCKET NO. 1401-UP-05
ACRE DRILLING AND SPACING UNIT)
ESTABLISHED FOR SECTION 36, TOWNSHIP 6)
NORTH, RANGE 66 WEST, 6TH P.M., FOR THE)
CODELL AND NIOBRARA FORMATIONS,)
BRACEWELL FIELD, WELD COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On June 27, 1983, the Commission entered Order No. 381-1 which, among other things, established 80-acre drilling and spacing units for the production of oil and associated hydrocarbons from the Codell Formation underlying certain lands in the Bracewell Field. The N½ of Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Order for the Codell Formation.

On June 18, 1984, the Commission entered Order No. 381-2 which, among other things, established 80-acre drilling and spacing units for the production of oil and associated hydrocarbons from the Niobrara Formation. By Order No. 381-2, the Niobrara Formation was included in the spaced area of the Bracewell Field as provided for in Order No. 381-1. The N½ of Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Order for the Niobrara Formation.

On June 18, 1984, the Commission entered Order No. 381-3 which, among other things, permitted multiple completions of wells in the Codell and Niobrara Formations, and where there is no difference in ownership between formations, to commingle production from the formations in the wellbore for existing wells and wells to be drilled. The N½ of Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Order for the Codell and Niobrara Formations.

On February 18, 1985, the Commission entered Order 381-5 which, among other things, approved an optional additional well on each established 80-acre drilling and spacing unit in the undrilled 40-acre tract, for the production of oil and associated hydrocarbons from the Codell and Niobrara Formations. The additional well would be subject to the Order Nos. 381-1, 381-2, and 381-3. The N½ of Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Order for the Codell and Niobrara Formations.

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 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.

Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Rule for the Codell and Niobrara Formations.

On February 11, 2013, the Commission issued Order No. 381-17 which, among other things, vacated the two 80-acre drilling and spacing units established by Order No. 381-1 and Order No. 381-2 for the NE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M. and established an approximate 160-acre drilling and spacing unit for the NE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M. for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. The NE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M. is subject to this Order for the Codell and Niobrara Formations.

On November 25, 2013, Extraction Oil & Gas, LLC ("Extraction" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116, C.R.S., a verified concurrent application ("Concurrent Application") for an order to vacate an approximate 160-acre drilling and spacing unit established by Order No. 381-17 for the NE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M. and to establish an approximate 320-acre drilling and spacing unit for the N $\frac{1}{2}$ of Section 36, Township 6 North, Range 66 West, 6th P.M., and approve up to six horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

On November 25, 2013, Extraction, by its attorneys, filed with the Commission pursuant to § 34-60-116, C.R.S., a verified application ("Application") for an order to pool all interests in an approximate 320-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 drilling each of the six authorized wells ("Wells") and to subject any nonconsenting interests to the cost recovery provisions of § 34-60-116(7), C.R.S.:

Township 6 North, Range 66 West, 6th P.M.
Section 36: N $\frac{1}{2}$

Applicant states existing vertical/directional wells shall be excluded from the unit and shall continue to pay on their current spacing or leasehold status.

Applicant states it intends to drill the horizontal wells as part of a continuous drilling program, and will comply with Rule 530 for each of the six authorized wells pursuant to § 34-60-116(7), C.R.S., by providing a Pro Forma AFE and Election Letter to each nonconsenting party at least 30 days prior to the hearing on the matter.

Applicant states the horizontal wells will be drilled from a multi-well pad located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 36, Township 6 North, Range 66 West, 6th P.M. from an authorized window pursuant to Rule 318A, or from an exception location with surface owner consent.

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 26, 2013

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