

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

IN THE MATTER OF THE APPLICATION OF )  
CAERUS WASHCO LLC FOR AN ORDER TO )  
PARTIALLY VACATE ORDER 407-374 AND ) CAUSE NO. 407  
ESTABLISH AN APPROXIMATE 1280-ACRE )  
DRILLING AND SPACING UNIT AND APPROVE ) DOCKET NO.  
UP TO TWENTY-EIGHT WELLS FOR SECTION )  
36, TOWNSHIP 7 NORTH, RANGE 61 WEST, ) TYPE: SPACING  
AND SECTION 1, TOWNSHIP 6 NORTH, RANGE )  
61 WEST, 6TH P.M., FOR THE NIOBRARA AND )  
CODELL FORMATIONS, WATTENBERG FIELD, )  
WELD COUNTY, COLORADO )

APPLICATION

Pursuant to C.R.S § 34-60-116, Caerus WashCo LLC (operator # 86610) (“Applicant”), respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”), for an order to vacate two existing 640-acre drilling and spacing units established under Order 407-374 covering All of Section 36, Township 7 North, Range 61 West, and All of Section 1, Township 6 North, Range 61 West 6th P.M., in Weld County Colorado, and establish in their place, an approximate 1280-acre drilling and spacing unit in the same lands (collectively, the “Application Lands”), and approve up to twenty-eight horizontal wells within the new unit for the production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations.

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

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado and is an operator in good standing with the Commission.
2. Applicant owns substantial leasehold interests in the Application Lands. A reference map of the Application Lands is attached as Exhibit A.
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.
4. On July 8, 2010, the Commission entered Order No. 407-374 which, among other things, established eleven 640-acre drilling and spacing units for certain lands,

including the Application Lands, and approved up to two horizontal wells in each unit, with bottomhole locations of any permitted well to be no closer than 460 feet from the boundary of the unit for the production of oil and gas and associated hydrocarbons from the Niobrara Formation. Section 36, Township 7 North, Range 61 West, and Section 1, Township 6 North, Range 61 West 6th P.M. are subject to this Order for the Niobrara Formation.

5. Applicant requests that the Commission vacate Order 407-374 as it applies to Section 36, Township 7 North, Range 61 West, and Section 1, Township 6 North, Range 61 West 6th P.M. and establish an approximate 1280-acre drilling and spacing unit underlying the Application Lands for the development and production from the Niobrara and Codell Formations.

6. Applicant requests that the Commission authorize up to twenty-eight horizontal wells within the unit, with twenty-four horizontal wells to be drilled to the Niobrara Formation and four horizontal wells to be drilled to the Codell Formation. The productive interval of each such wellbore shall be located no closer than 460 feet from the unit boundaries, and no closer than 100 feet from the productive interval of any other wellbore located within the unit, without exception being granted by the Director.

7. Applicant requests that the Commission authorize up to four wellpads within the unit or upon adjacent lands.

8. Applicant states that the Frank Trust 14-36H well (API No. 05-123-33064) (the "Prior Existing Well") is a horizontal well producing from the Niobrara Formation operated by the Applicant and was permitted and drilled under Order 407-374 in Section 36, Township 7 North, Range 61 West. Applicant requests that the Prior Existing Well be excluded from the proposed drilling and spacing unit and that royalty proceeds from the Prior Existing Well be unaltered and distributed as they were prior to the establishment of the proposed drilling and spacing unit. Excluding the Prior Existing Well from the proposed drilling and spacing unit will prevent such unit from diluting the participation rights of the mineral owners associated with the Prior Existing Well.

9. Applicant asserts that vacating Orders 407-374 as it applies to the Application Lands and the proposed drilling and spacing unit will allow for the economic and efficient drainage of the Niobrara and Codell Formations, will prevent waste, will not adversely affect correlative rights, and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations. The proposed 1280-acre drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in the Niobrara and Codell Formations.

10. Pursuant to Rule 507.b.(1), the names and addresses of the interested parties to this Application are set forth in Exhibit B, and the undersigned certifies that copies of this 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 the Commission enter its order:

A. Vacating Order 407-374 as it applies to Section 36, Township 7 North, Range 61 West, and Section 1, Township 6 North, Range 61 West 6th P.M. and establishing an approximate 1280-acre drilling and spacing unit comprised of the Application Lands for the development and production from the Niobrara and Codell Formations;

B. Authorizing up to twenty-eight horizontal wells within the unit, with twenty-four horizontal wells to be drilled to the Niobrara Formation and four horizontal wells to be drilled to the Codell Formation. The productive interval of each wellbore shall be located no closer than 460 feet from the unit boundaries, and no closer than 100 feet from the productive interval of any other wellbore located within the unit, without exception being granted by the Director;

C. Authorizing up to four wellpads within the unit or upon adjacent lands;

D. Excluding the Prior Existing Well from the proposed drilling and spacing unit and maintaining the distribution of proceeds from the Prior Existing Well as they were prior to the establishment of the proposed drilling and spacing unit; and

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

Dated: November 25 2015

Respectfully submitted,

DAVIS GRAHAM & STUBBS LLP

By: 

David Neslin  
Greg Nibert Jr.  
Davis Graham & Stubbs LLP  
Attorney for Applicant  
1550 17<sup>th</sup> Street-Suite 500  
Denver, CO 80202

Address of Applicant  
Caerus WashCo LLC  
Attn: Jeff Grisham  
600 17th Street, Suite 1600N  
Denver, CO 80202

**VERIFICATION**

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

Jeff Grisham, of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman for Caerus WashCo LLC 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.

CAERUS WASHCO LLC

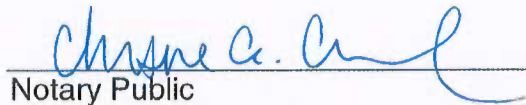
  
\_\_\_\_\_  
Jeff Grisham, Landman

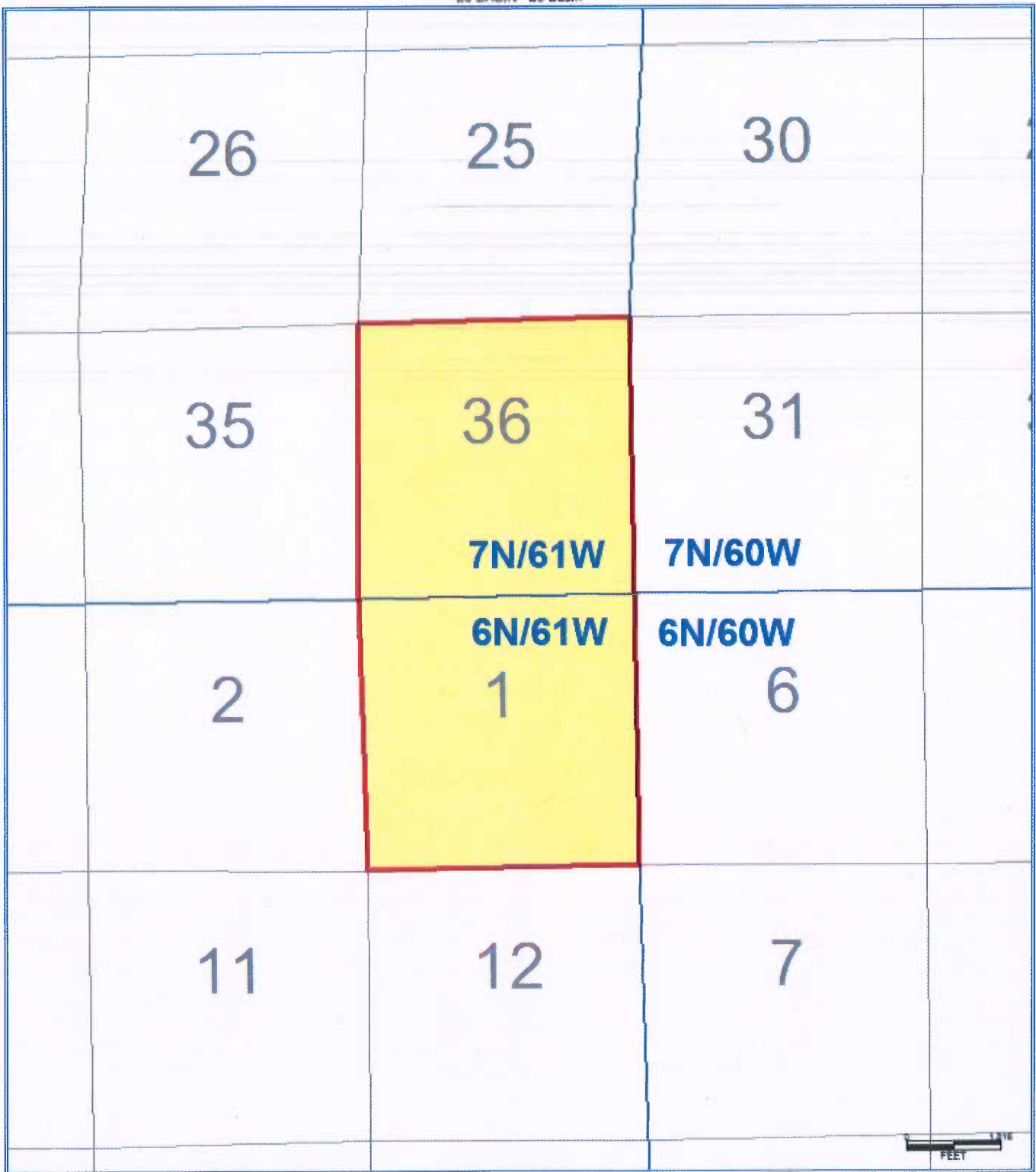
Subscribed and sworn to before me this 24<sup>th</sup> day of November, 2015.

Witness my hand and official seal.

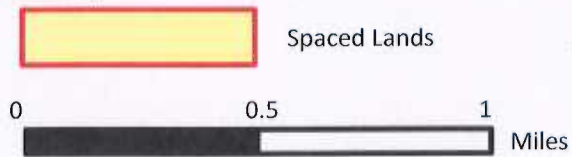
My commission expires: 12/12/2016

**CHRISTINE E. CARMICHAEL  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20124080327  
MY COMMISSION EXPIRES 12/12/2016**

  
\_\_\_\_\_  
Notary Public



**Legend**



<p>Spacing Unit Map Exhibit A 11/23/2015</p>	<p>7N-61W, Sec 36: All 6N-61W, Sec 1: All 1280 Acres more or less</p>
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**Exhibit B**  
**Interested Parties**

Caerus WashCo LLC  
600 17<sup>th</sup> St., Suite 1600N  
Denver, CO 80202

Troy Swain – LGD  
Weld County Department of Planning  
Services  
1555 North 17th Avenue  
Greeley, CO 80631

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

Kent Kuster  
Oil & Gas Consultant Coordinator  
CDPHE  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

State of Colorado, Board of Land  
Commissioners  
1127 Sherman Street, Suite 300  
Denver, CO 80203

Swanson Production Company  
339 Indian Paintbrush Drive  
Golden, CO 80401

Steven Kirkwood and Donna Kirkwood  
473 S. Sherman Street  
Denver, CO 80209

Caribou Resources, LLC  
3081S. Spruce Way  
Denver, CO 80231

Western Operating Company  
518 17th Street, Suite 200  
Denver, CO 80202

David G. Majewski  
1823 S. Maxwell Hill Road  
Littleton, CO 80127

Latitudes Research, LLC  
313 Jones Creek Cir.  
Pine, CO 80470

RJC Energy, Inc  
27250 Craig Lane  
Golden, CO 80401

RJC Ventures, LLC  
27250 Craig Lane  
Golden, CO 80401

NB Waechter & Associates, Inc.  
6059 South Elati Street  
Littleton, CO 80120

T Bar S Oil, Inc.  
102 Mission Bay Drive  
Polson, MT, 59860

Stone Hill Minerals Holdings, LLC  
P.O. Box 470426  
Fort Worth, TX 76147

Croke Minerals Irrevocable Trust dated  
November 26, 2012  
258 South Ulukoa Place  
Lahaina, HI 96761

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CAUSE NO. 407

DOCKET NO.

TYPE: SPACING

AFFIDAVIT OF MAILING

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

Greg Nibert Jr., of lawful age, and being first duly sworn upon his oath, states and declares:

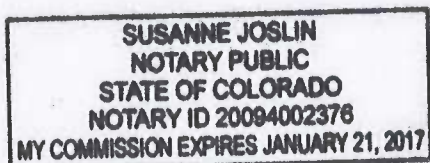
That he is an attorney for Caerus WashCo, LLC, and that on or before December 2, 2015, he caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B to the Application.

  
\_\_\_\_\_  
Greg Nibert Jr.

Subscribed and sworn to before me November 25, 2015.

Witness my hand and official seal.

My commission expires: 1-21-2017.



  
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Notary Public