

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

IN THE MATTER OF AN APPLICATION BY
EXTRACTION OIL & GAS LLC FOR AN ORDER
ESTABLISHING A 1,280-ACRE DRILLING AND
SPACING UNIT FOR SECTION 31, TOWNSHIP 6
NORTH, RANGE 67 WEST, 6TH P.M. AND SECTION
36, TOWNSHIP 6 NORTH, RANGE 68 WEST, 6TH
P.M., AND POOLING ALL INTERESTS WITHIN THE
PROPOSED UNIT, FOR HORIZONTAL WELL
DEVELOPMENT OF THE CODELL AND NIOBRARA
FORMATIONS, WATTENBERG FIELD, WELD AND
LARIMER COUNTIES, COLORADO

CAUSE NO. 407

DOCKET NO. *To be
assigned*

APPLICATION

Extraction Oil & Gas LLC, Operator No. 10459, ("Extraction" or "Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order: **(1)** vacating Order No. 407-87 as to the Application Lands; **(2)** establishing an approximate 1,280-acre drilling and spacing unit for Section 31, Township 6 North, Range 67 West, 6th P.M., Weld County, Colorado, and Section 36, Township 6 North, Range 68 West, 6th P.M., Larimer County, Colorado, and authorizing the drilling of up to twenty-four (24) horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations; and **(3)** pooling all interests within the approximate 1,280-acre drilling and spacing unit proposed for said Sections 31 and 36, for the development and operation of the Codell and Niobrara Formations. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 6 North, Range 67 West, 6th P.M.
Section 31: All

Weld County, Colorado

Township 6 North, Range 68 West, 6th P.M.
Section 36: All

Larimer County, Colorado

1,280 acres, more or less.

These lands are hereinafter referred to as the "Application Lands" and depicted in Exhibit A attached hereto.

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. The Application Lands are subject to Rule 318A.

Vacating Order No. 407-87 for the Application Lands

4. On or about 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 Codell-Niobrara Formations. The Application Lands are subject to Order No. 407-87. At present, there are no existing wells drilled or producing within the Application Lands pursuant to Order No. 407-87. Accordingly, Applicant herein requests that Order No. 407-87 be vacated as to the Application Lands.

5. Applicant herein requests the establishment of an approximate 1,280-acre lay-down drilling and spacing unit for the Application Lands for horizontal well development, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations and, by so doing, it is necessary to vacate the 80-acre drilling and spacing units established for the Application Lands by Order Nos. 407-87. At present, there are no horizontal or vertical wells drilled to the Codell or Niobrara Formation on the Application Lands.

Establishing a 1,280-acre drilling and spacing unit for the Application Lands

6. Applicant requests the Commission establish the Application Lands as an approximate 1,280-acre drilling and spacing unit for the Codell and Niobrara Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Codell and Niobrara Formations.

7. Applicant requests it be authorized to drill and complete up to twenty-four (24) horizontal wells in the approximate 1,280-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

8. Applicant states that, for any permitted wells to be drilled under this Application, the treated intervals of the wellbore should be not less than 460 feet from the unit boundaries with an inter-well setback of not less than 150 feet from the treated interval

of a well producing from the Codell and Niobrara Formations, without exception being granted by the Director.

Pooling all interests in the proposed 1,280-acre drilling and spacing unit

9. Acting pursuant to the relevant provisions of §34-60-116(6) & (7), C.R.S., and Rule 530., Applicant seeks an order pooling all interests, including, but not limited to, any nonconsenting interests, in the approximate 1,280-acre drilling and spacing unit proposed herein for the Application Lands, for the development and operation of the Codell and Niobrara Formations.

10. Further, Applicant requests that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the initial horizontal wells within the Application Lands are subject to the cost recovery provisions of §34-60-116(7), C.R.S., effective as of the earlier of the date of the Application, or the date the costs specified in §34-60-116(7)(b), C.R.S. are first incurred for the drilling of the initial well.

* * *

11. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §§34-60-101, *et seq.*, C.R.S., and the Commission rules.

12. Applicant states that the horizontal wells drilled under this Application will be drilled from multi-well pads located within authorized drilling windows ("GWA windows") pursuant to Rule 318A.a., or from an exception location outside of a GWA window, with surface owner consent.

13. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

14. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit B attached hereto. The Applicant shall submit a certificate of service for the Application within the seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for March 7, 2015 COGCC hearing, that notice be given as required by law and that upon such hearing, this Commission enter its order:

A. Vacating Order No. 407-87 as to the Application Lands.

B. Establishing an approximate 1,280-acre drilling and spacing unit for Application Lands, and authorizing the drilling of up to twenty-four (24) horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the treated intervals of the wellbore of any permitted wells to be located not less than 460 feet from the outer boundary of the unit and not less than 150 feet from the treated interval of any well being drilled or producing

from the Codell and Niobrara Formations, without exception being granted by the Director.

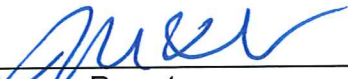
C. Pooling all interests in the approximate 1,280-acre drilling and spacing unit proposed for the Application Lands, for the development and operation of the Codell and Niobrara Formations, and providing that the interests of any owners within whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the initial wells are made subject to the cost recovery provisions of §34-60-116(7), C.R.S., effective as of the earlier of the date of the Application, or the date the costs specified in §34-60-116(7)(b), C.R.S. are first incurred for the drilling of the initial wells.

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

DATED this 6th day of January, 2016.

Respectfully submitted,

EXTRACTION OIL & GAS LLC

By: 
James Parrot
Jillian Fulcher
Beatty & Wozniak, P.C.
Attorneys for Applicant
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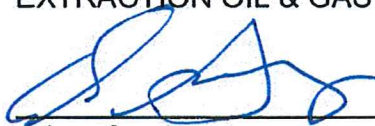
Address of Applicant
Extraction Oil & Gas LLC
ATTN: Adam Sarvey
370 17th Street, Suite 5300
Denver, Colorado 80202

VERIFICATION

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

Adam Sarvey, Landman for Extraction Oil & Gas LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

EXTRACTION OIL & GAS LLC

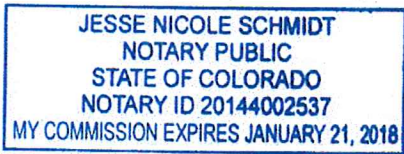


Adam Sarvey

Subscribed and sworn to before me this 10th day of January, 2016, by Adam Sarvey, Landman for Extraction Oil & Gas LLC.

Witness my hand and official seal.

My commission expires: 1/21/2018



Notary Public

Exhibit A

Reference Map for Spacing and Pooling Application

Township 6 North, Range 67 West, 6th P.M.

Section 31: All

Township 6 North, Range 68 West, 6th P.M.

Section 36: All

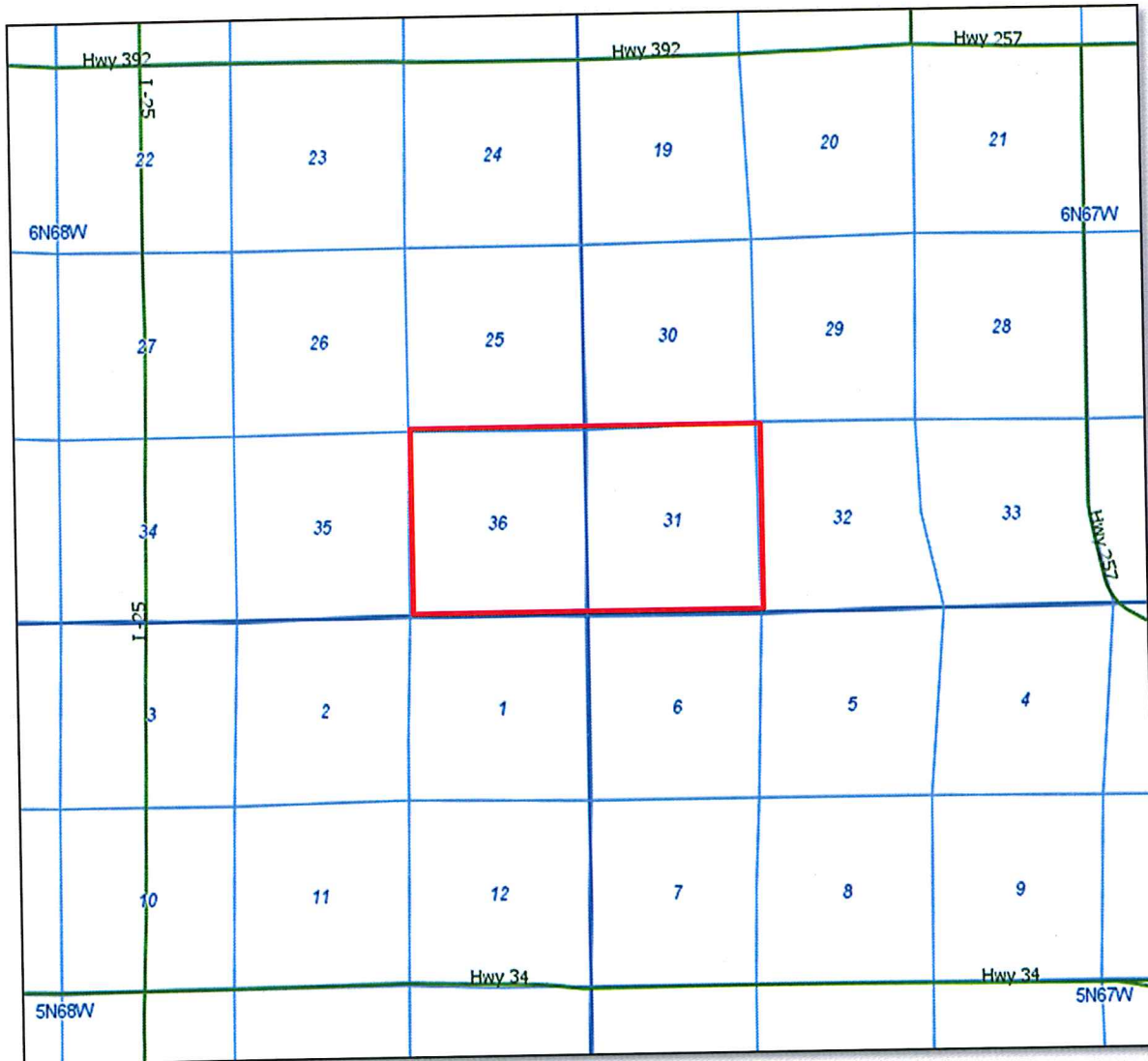


EXHIBIT B

INTERESTED PARTIES

ANADARKO PETROLEUM CORPORATION
1099 18th STREET, #1800
DENVER, CO 80202

SYNERGY RESOURCES CORPORATION
1625 BROADWAY
DENVER, CO 80202

EXTRACTION OIL & GAS
1888 SHERMAN STREET, SUITE 200
DENVER, CO 80203

STATE OF COLORADO, ACTING BY AND THROUGH
THE STATE BOARD OF LAND COMMISSIONERS
1127 SHERMAN STREET, SUITE 300
DENVER, CO 80203

PDC ENERGY
1775 SHERMAN STREET, SUITE 3000
DENVER, CO 80203

TOM SCHREINER, ENERGY LIAISON
COLORADO PARKS AND WILDLIFE
NORTHEAST REGION OFFICE
6060 BROADWAY
DENVER, CO 80216

TROY SWAIN
WELD COUNTY
DEPARTMENT OF PLANNING SERVICES
1555 NORTH 17TH AVENUE
GREELEY, CO 80631

KENT KUSTER
OIL & GAS CONSULTANT COORDINATOR
COLORADO DEPARTMENT OF
PUBLIC HEALTH & ENVIRONMENT
4300 CHERRY CREEK DRIVE SOUTH
DENVER, CO 80246-1530

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AFFIDAVIT OF MAILING

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

Chanda Thomsen, of lawful age, and being first duly sworn upon her oath, states and declares:

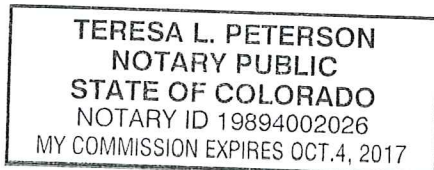
That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for Extraction Oil & Gas LLC, and on or before January 8th, 2016, caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B to the Application.

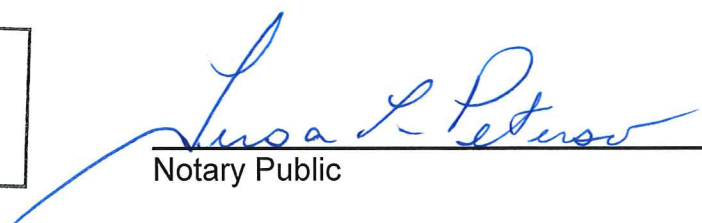


Chanda Thomsen

Subscribed and sworn to before me this 7th day of January, 2016.

Witness my hand and official seal.





Notary Public