

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

IN THE MATTER OF THE APPLICATION OF )  
EXTRACTION OIL & GAS, LLC FOR AN ORDER )  
VACATING ORDER NOS. 467-8, 407-87, AND )  
499-15 AS THEY APPLY TO THE APPLICATION )  
LANDS, ESTABLISHING AN APPROXIMATE )  
950.76-ACRE DRILLING AND SPACING UNIT )  
AND ESTABLISHING WELL LOCATION RULES )  
APPLICABLE TO THE DRILLING AND )  
PRODUCING OF WELLS FROM THE CODELL )  
AND NIOBRARA FORMATIONS COVERING )  
CERTAIN LANDS IN SECTION 32, TOWNSHIP )  
1 NORTH, RANGE 68 WEST, 6TH P.M., AND )  
SECTIONS 5 AND 6, TOWNSHIP 1 SOUTH, )  
RANGE 68 WEST, 6TH P.M., WATTENBERG )  
FIELD, WELD AND BROOMFIELD COUNTIES, )  
COLORADO. )

Cause No. \_\_\_\_\_  
Docket No. 160800349  
Type: SPACING AND  
INCREASED DENSITY

APPLICATION

Extraction Oil & Gas, LLC, Operator No. 10459 ("Applicant" or "Extraction"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order vacating Order Nos. 467-8, 407-87, and 499-15 as they pertain to Section 32, Township 1 North, Range 68 West, 6th P.M., and Sections 5 and 6, Township 1 South, Range 68 West, 6th P.M., establishing an approximate 950.76-acre drilling and spacing unit and establishing well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations covering certain lands in Weld and Broomfield Counties, Colorado. In support of its Application, Applicant states as follows:

1. Applicant is a limited liability company duly authorized to conduct business in Colorado.

2. Applicant owns leasehold interests in the following lands ("Application Lands"):

Township 1 North, Range 68 West, 6th P.M.  
Section 32: W½, W½W½E½

Weld County, Colorado;

Township 1 South, Range 68 West, 6th P.M.  
Section 5: W½  
Section 6: E½E½E½

Broomfield County, Colorado

A reference map of the Application Lands is attached hereto.

3. On April 16, 1991, the Commission entered Order No. 407-66, corrected May 17, 1991, which applies to a well or wells drilled, completed or recompleted in the Codell and/or Niobrara Formations, where the production is commingled or dually completed with the "J" Sand formations underlying the Codell-Niobrara Spaced Area. This Order established (1) that the "J" Sand and Codell formations constitute common sources of supply of oil, gas and associated hydrocarbons, and (2) that the size of the voluntary unit for production from the Codell and/or Niobrara Formations not less than that prescribed by Cause No. 407. The Application Lands are subject to this Order.

4. On September 16, 1991, the Commission entered Order No. 467-8, which established that the location of all wells drilled to the "J" Sand Formation underlying areas subject to Cause No. 407 and at a legal location pursuant to Rule 318 or Cause No. 467 shall be automatically approved, without hearing, as a legal location for production from the Codell or Niobrara Formations, provided the following conditions are met: (a) the size of the voluntary unit for production from the Codell Formation is either (i) 160-acres or (ii) the same size as the unit for production from the "J" Sand Formation, with the unit for the Codell Formation not less than that prescribed by Cause No. 407; and (b) the location of the wellbore in the Codell Formation is not less than 920 horizontal feet from any existing wellbore in the Codell Formation capable of producing from such Formation and, in addition, not less than 920 horizontal feet from any proposed, permitted well for which the Codell Formation is the identified objective formation. Sections 5 and 6, Township 1 South, Range 68 West, 6th P.M. are subject to this order for the Codell Formation.

5. On February 19, 1992, the Commission entered Order No. 407-87 (Amended), which established 80-acre drilling and spacing units for the production of oil and/or gas from the Codell-Niobrara Formations underlying lands in Adams, Boulder, Jefferson, Larimer, and Weld Counties. The Order allows for dual completion and downhole commingling as to both oil and gas in the Codell-Niobrara Formation. Section 32, Township 1 North, Range 68 West, 6th P.M. is subject to this Order.

6. On November 16, 1992, the Commission entered Order No. 499-15, which established 320-acre drilling and spacing units for certain lands for production from the Dakota Formation, to provide for procedures to obtain exceptions to the permitted well locations and to allow the recompletion and downhole commingling of production from the Dakota, "J" Sand, Codell, Niobrara, Sussex and Shannon Formations. Section 32, Township 1 North, Range 68 West, 6th P.M. is subject to this Order.

7. The Codell and Niobrara Formations are common sources of supply under the Application Lands.

8. To promote efficient drainage of the Codell and Niobrara Formations within the Application Lands and to avoid waste, the Commission should vacate Order Nos. 467-8, 407-87,

and 499-15 as they pertain to the Application Lands and establish an approximate 950.76-acre drilling and spacing unit covering the Application Lands described below for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations:

Township 1 North, Range 68 West, 6th P.M.

Section 32:  $W\frac{1}{2}$ ,  $W\frac{1}{2}W\frac{1}{2}E\frac{1}{2}$

Township 1 South, Range 68 West, 6th P.M.

Section 5:  $W\frac{1}{2}$

Section 6:  $E\frac{1}{2}E\frac{1}{2}E\frac{1}{2}$

9. Applicant is requesting to drill and complete up to one (1) horizontal well in the 950.76-acre drilling and spacing unit described above, with the option to drill and complete up to a total of ten (10) horizontal wells in the unit for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations with the surface location to be located at a legal location in the above described drilling and spacing unit or on adjacent lands. Applicant further requests that the treated interval of each wellbore be no closer than 150 feet from the treated interval of any other wellbore producing from the Codell and Niobrara Formations, and no closer than 100 feet from a unit boundary unless such boundary abuts or corners lands for which the Commission has not at the time of the drilling permit application granted the right to locate the treated interval of the wellbore no closer than 100 feet from a unit boundary. If the Commission has not at the time of the drilling permit application granted to the owners of the adjacent or cornering lands the right to locate the treated interval of the wellbore no closer than 100 feet from a unit boundary, then the treated interval of the wellbore shall be located no closer than 300 feet from the unit boundary, without exception being granted by the Director.

10. The Hippen #1-32 well (API #05-123-11395) was spud October 22, 1983, in the NWNW, Section 32, Township 1 North, Range 68 West, 6th P.M., pursuant to Order 407-66 for the development and production of the Niobrara and Codell Formations. This well is currently producing. Applicant is the Operator of this well and Applicant plans to plug and abandon the well pursuant to the Commission Rules as soon as production is established in the requested drilling and spacing unit.

11. The Hippen #2-32 well (API #05-123-15113) was spud September 22, 1991, in the NWSW, Section 32, Township 1 North, Range 68 West, 6th P.M., pursuant to Order 407-66 for the development and production of the Niobrara and Codell Formations. This well is currently producing. Applicant is the Operator of this well and Applicant plans to plug and abandon the well pursuant to the Commission Rules as soon as production is established in the requested drilling and spacing unit.

12. The Hippen #UU #32-13 well (API #05-123-17220) was spud August 20, 1993, in the SWSW, Section 32, Township 1 North, Range 68 West, 6th P.M., pursuant to Order 407-66 for the development and production of the Niobrara and Codell Formations. This well is currently producing. Applicant is the Operator of this well and Applicant plans to plug and abandon the well pursuant to the Commission Rules as soon as production is established in the requested drilling and spacing unit.

13. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Codell and Niobrara Formations, prevents waste, does not adversely affect correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell and Niobrara Formations. The drilling and spacing units are not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that wells drilled in the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

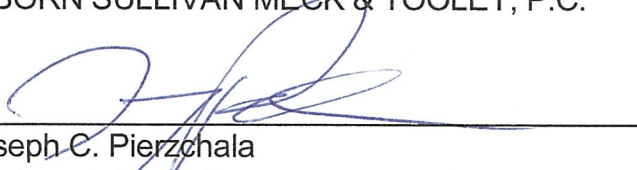
14. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of the original Application shall be served on each interested party as required by Rule 503.e., 507.b.(1), and 507.b.(5).

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that, upon such hearing, this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 30<sup>th</sup> day of June, 2016

Respectfully submitted,  
WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: \_\_\_\_\_

  
Joseph C. Pierzchala  
Chelsey J. Russell  
Welborn Sullivan Meck & Tooley, P.C.  
Attorneys for Applicant  
1125 - 17th Street, Suite 2200  
Denver, CO 80202  
303-830-2500

Applicant's Address:

Extraction Oil & Gas  
370 17<sup>th</sup> Street, Suite 5300  
Denver, CO 80202

Attn: Jason R. Lowrey, Senior Landman  
Phone: 720-481-2371

VERIFICATION

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

Jason R. Lowrey, Senior Landman with 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

  
\_\_\_\_\_  
Jason R. Lowrey, Senior Landman

Subscribed and sworn to before me this 30<sup>th</sup> day of June, 2016, by Jason R. Lowrey, Senior Landman for Extraction Oil & Gas, LLC.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 8/17/2018

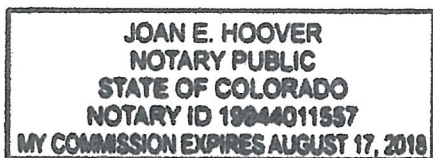


EXHIBIT A

INTERESTED PARTIES

Troy Swain  
Weld County Local Government Designee  
Department of Planning Services  
1555 North 17th Avenue  
Greeley, CO 80631

Erika Delaney Lew  
City and County of Broomfield  
One DesCombes Drive  
Broomfield, CO 80020

Colorado Department of Public Health and  
Environment  
Attn: Kent Kuster, Oil and Gas Liaison  
4300 Cherry Creek Dr. South  
Denver, CO 80246-1530

Colorado Division of Wildlife  
Northeast Region Office  
6060 Broadway  
Denver, CO 80216

[Intentionally left blank, Exhibit A continued on next page.]

**EXHIBIT A**

SECTION 32, TOWNSHIP 1 NORTH, RANGE 68 WEST, W/2 of SECTION 5 TOWNSHIP 1 SOUTH, RANGE 68 WEST, AND E/2 E/2 OF SECTION 6 TOWNSHIP 1 SOUTH, RANGE 68 WEST

**WORKING INTEREST OWNERS**

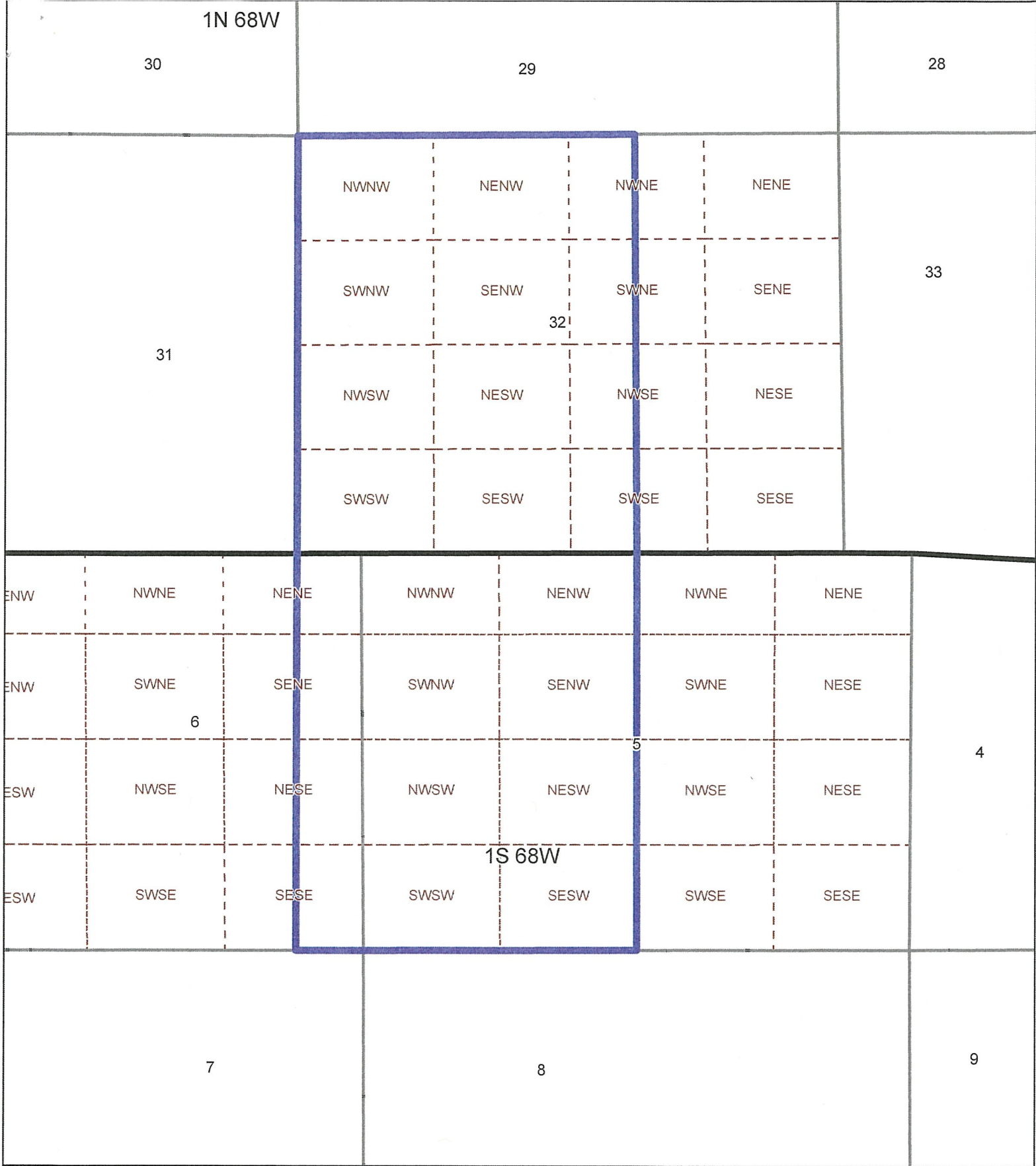
Extraction Oil & Gas, LLC

**UNLEASED MINERAL OWNERS**

WS-ACB Development

Mona M. Kardell, Myra M. Cseke, and Robert R. Mussack



Pulte Home Corporation



**EXTRACTION**  
Oil & Gas

**SHERIDAN NORTH WEST  
PROPOSED  
SPACING UNIT**

DATE: 6/13/2016	PRJ: GCS NAD83
SCALE: 1:19,200	AUTHOR: ECP

 Proposed Spacing Unit     Quarter/Quarter Section Grid





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 WEST, 6TH P.M., AND SECTIONS 5 AND 6, )  
 TOWNSHIP 1 SOUTH, RANGE 68 WEST, 6TH )  
 P.M., WATTENBERG FIELD, WELD AND )  
 BROOMFIELD COUNTIES, COLORADO. )

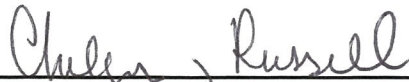
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AFFIDAVIT OF MAILING

STATE OF COLORADO                   §  
   §  
 CITY AND COUNTY OF DENVER       §

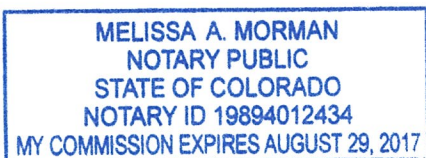
I, Chelsey J. Russell, of lawful age, and being first duly sworn upon my oath, state and declare:


That I am the attorney for Extraction Oil & Gas, LLC and that on or before July 7, 2016, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties on the Exhibit A to the Application.

  
 \_\_\_\_\_  
 Chelsey J. Russell

Subscribed and sworn to before me July 7, 2016.

Witness my hand and official seal.



  
 \_\_\_\_\_  
 Notary Public  
 My commission expires: 8/29/2017

ADDRESS LIST FOR THE SHERIDAN NORTHWEST WELD COUNTY PROSPECT SPACING APPLICATION  
SECTION 32, TOWNSHIP 1 NORTH, RANGE 68 WEST, W/2 OF SECTION 5 TOWNSHIP 1 SOUTH, RANGE 68  
WEST, AND E/2 E/2 OF SECTION 6 TOWNSHIP 1 SOUTH, RANGE 68 WEST

<b>Working Interest Owners</b>	<b>Address</b>	<b>Analyst Note</b>
Extraction Oil & Gas, LLC	370-17 Street, Suite 5300 Denver, CO 80202	
<b>Unleased Mineral Owners</b>	<b>Address</b>	<b>Analyst Note</b>
WS-ACB Development	9033 East Easter Place, Suite 110 Centennial, CO 80122	
Mona M. Kardell, Myra M. Cseke, and Robert R. Mussack	350 WCR #3 Erie, CO 80516	