

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)
ESTABLISHING AN APPROXIMATE 560-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)
SECTION 5, TOWNSHIP 1 SOUTH, RANGE 68)
WEST, 6TH P.M., WATTENBERG FIELD, WELD)
AND BROOMFIELD COUNTIES, COLORADO.)

Cause No. 407
Docket No. 161200490
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 establishing an approximate 560-acre drilling and spacing 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: E $\frac{1}{2}$ W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ E $\frac{1}{2}$

Township 1 South, Range 68 West, 6th P.M.
Section 5: E $\frac{1}{2}$

Weld and Broomfield Counties, Colorado

A reference map of the Application Lands is attached hereto.

3. On April 27, 1988, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which was amended on August 8, 2011 to, among other things, address the drilling of horizontal wells and requires that

a horizontal wellbore spacing unit must include any governmental quarter-quarter section that are located less than 460' from the completed interval of the wellbore lateral. The Rule does not, however, prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

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

5. To promote efficient drainage of the Codell and Niobrara Formations within the Application Lands and to avoid waste, the Commission should establish an approximate 560-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: E $\frac{1}{2}$ W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ E $\frac{1}{2}$

Township 1 South, Range 68 West, 6th P.M.
Section 5: E $\frac{1}{2}$

6. Applicant requests authority to drill and complete one (1) horizontal well in the approximate 560-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 productive interval of each wellbore shall be located no closer than 150 feet from the productive interval of any other wellbore in the unit producing from the same formation, and permitted no closer than 460 feet from the unit boundary, without exception being granted by the Director.

7. Form 2 Applications for Permits to Drill have been issued to Sovereign Operating Company for the following directional wells: Davis #34-5 (API No. 05-014-20727); Davis #33-5 (API No. 05-014-20729); Davis #5D (API No. 05-014-20730); Davis #44-5 (API No. 05-014-20723); and Davis #43-5 (API No. 05-014-20721). As of the date of this Application, none of these wells have been drilled and the permits are all set to expire before the December 2016 COGCC hearing.

8. As of the date of this Application, no horizontal wells have been drilled in the proposed unit.

9. 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 proposed drilling and spacing unit is 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.

10. 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. and 507.b.(1).

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 12th day of October, 2016

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

By: 

Joseph C. Pierzchala
Sarah Sorum
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 17th 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 12th day of October, 2016, by Jason R. Lowrey, Senior Landman for Extraction Oil & Gas, LLC.

Witness my hand and official seal.

ANDREW STOUT
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134064176
COMMISSION EXPIRES OCT. 04, 2017



Notary Public
My Commission Expires: 10/04/2017

EXHIBIT A

INTERESTED PARTIES

Weld County
Department of Planning Services
Attn: Troy Swain
1555 North 17th Avenue
Greeley CO 80631

City and County of Broomfield
Attn: Pat Gilbert
One DesCombes Drive
Broomfield CO 80020

Town of Erie
Attn: R. Martin Ostholthoff
645 Holbrook Street
PO Box 750
Erie, CO 80516

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, 6TH P.M.
SECTION 5, TOWNSHIP 1 SOUTH, RANGE 68 WEST, 6TH P.M.

INTERESTED PARTIES

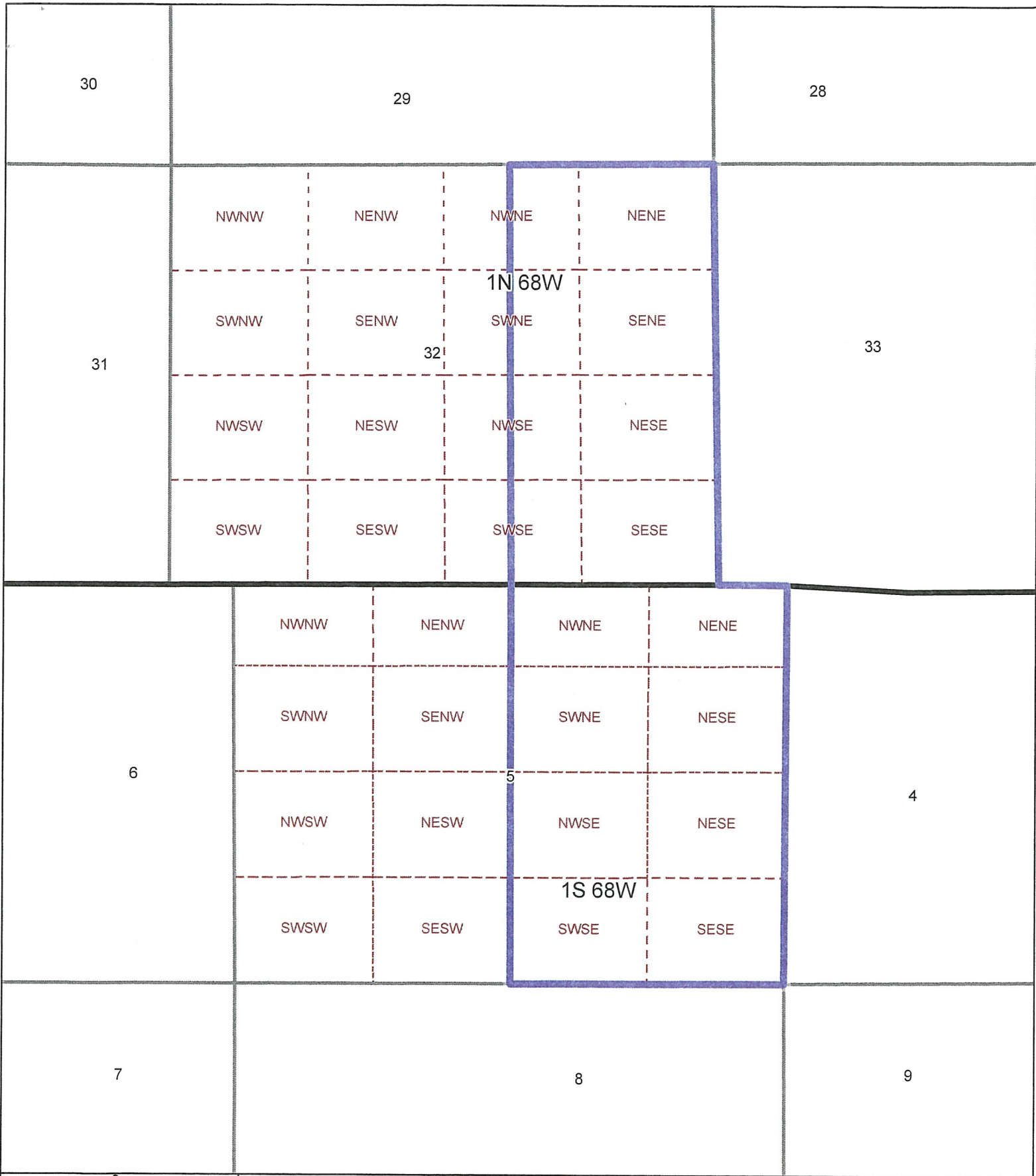
Working Interest Owners

Extraction Oil & Gas, LLC

Unleased Mineral Owners



WS-ACB Development

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



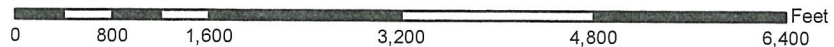
**SHERIDAN NORTH EAST
PROPOSED
SPACING UNIT**

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

 Proposed Spacing Unit  Quarter/Quarter Section Grid



1 inch = 1,600 feet



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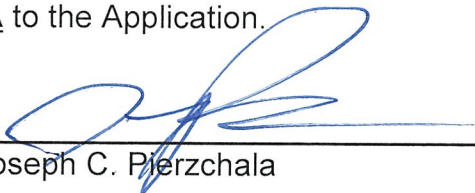
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AFFIDAVIT OF MAILING

STATE OF COLORADO §
CITY AND COUNTY OF DENVER §

I, Joseph C. Pierzchala, of lawful age, and being first duly sworn upon my oath, state and declare:

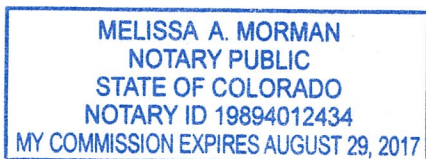
That I am the attorney for Extraction Oil & Gas, LLC and that on or before October 20, 2016, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties on the Exhibit A to the Application.

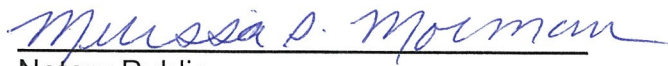


Joseph C. Pierzchala

Subscribed and sworn to before me October 21, 2016

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2017