

COPY

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

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IN THE MATTER OF THE APPLICATION)
OF EXTRACTION OIL & GAS, INC. FOR)
AN ORDER AMENDING ORDER NO. 407-)
1831 AND ESTABLISHING WELL)
LOCATION RULES APPLICABLE TO THE)
DRILLING AND PRODUCING OF WELLS)
FROM THE CODELL AND NIOBRARA)
FORMATIONS COVERING CERTAIN)
LANDS IN SECTIONS 14 AND 23,)
TOWNSHIP 1 SOUTH, RANGE 68 WEST,)
6TH P.M., WATTENBERG FIELD, ADAMS)
COUNTY, COLORADO.)

Cause No. 407
Docket No. 170900586
Type: SPACING

APPLICATION

Extraction Oil & Gas, Inc., 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 amending Order No. 407-1831 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 Adams County, Colorado. In support of its Application, Applicant states as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, is a registered operator in good standing, and owns leasehold interests in the following lands ("Application Lands"):

Township 1 South, Range 68 West, 6th P.M.
Section 14: W½
Section 23: W½

Adams County, Colorado

A reference map of the Application Lands is attached hereto.

2. 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. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of the Greater

Wattenberg Area. The Rule does not, however, prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

3. On October 24, 2016, the Commission entered Order No. 407-1831, which established an approximate 640-acre drilling and spacing unit for the W½ of Sections 14 and 23, Township 1 South, Range 68 West, 6th P.M., and approved up to 10 horizontal wells within the unit for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations with the productive interval of the wellbore located no closer than 150 feet from the productive interval of any other wellbore producing from the Niobrara and Codell Formations, and no closer than 460 feet from a unit boundary, unless an exception is granted by the Director. The Application Lands are subject to this Order for the Codell and Niobrara Formations.

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 amend Order No. 407-1831 and modify the unit boundary setbacks within the established approximate 640-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 South, Range 68 West, 6th P.M.

Section 14: W½

Section 23: W½

6. Applicant is requesting that the setbacks established in Order No. 407-1831 be modified such that the treated interval of each wellbore be located no closer than 150 feet from the treated interval of any other wellbore producing from the Codell and/or Niobrara formations, and no closer than 460 feet from the southern and eastern unit boundaries and 150 feet from the northern and western unit boundaries, without exception being granted by the Director.

7. On July 13, 2017, Applicant filed a verified application (Docket No. pending) for an order to vacate Order Nos. 407-1790, 407-1828, 407-1829, and 407-1830 and establish an approximate 1,920-acre drilling and spacing unit for all of Sections 10, 15, and 22, Township 1 South, Range 68 West, 6th P.M. for the Codell and Niobrara Formations with up to twenty (20) wells within the unit with 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/or Niobrara formations, and no closer than 460 feet from the southern and western unit boundaries and 150 feet from the northern and eastern unit boundaries, without exception being granted by the Director.

8. As it respects the present Application, the application referenced in paragraph 7 above requests a reduced unit boundary setback of 150 feet along the

eastern unit boundary, which abuts the western unit boundary of the present Application Lands, for which the Application requests a reduced unit boundary setback of 150 feet. Thus, the two drilling and spacing units would share a reciprocal unit boundary setback of 150 feet, thereby preventing waste and protecting correlative rights within each proposed unit. In addition, Applicant is the working interest owner of the mineral interests within the quarter-quarter sections on either side of that shared boundary.

9. On July 13, 2017, Applicant filed a verified application (Docket No. pending) for an order to amend Order No. 407-1827, which established an approximate 640-acre drilling and spacing unit for the W½ of Sections 2 and 11, Township 1 South, Range 68 West, 6th P.M. ("Washington North"), for the Codell and Niobrara Formations with up to ten (10) wells within the unit, to allow a reduced unit boundary setback of 150 feet along the southern and western unit boundaries, without exception being granted by the Director.

10. As it respects the present Application, the Washington North application referenced in paragraph 9 above requests a reduced unit boundary setback of 150 feet along the southern unit boundary, which abuts the northern unit boundary of the present Application Lands, for which the Application requests a reduced unit boundary setback of 150 feet. Thus, the two drilling and spacing units would share a reciprocal unit boundary setback of 150 feet, thereby preventing waste and protecting correlative rights within each proposed unit. In addition, Applicant is the working interest owner of the mineral interests within the quarter-quarter sections on either side of that shared boundary.

11. Applicant has drilled, tested and completed wells in the Codell and Niobrara Formations on lands in the vicinity of the Application Lands. Based on the results of those wells, Applicant believes the requested modified setbacks will allow the efficient and economic development of the Application Lands, will prevent waste, and protect correlative rights.

12. Applicant maintains that the requested amended setbacks will allow the most efficient drainage of the Codell and Niobrara Formations, prevent waste, protect correlative rights, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell and Niobrara Formations. The requested amended setbacks will not result in the drilling and spacing unit becoming smaller than the maximum area that can be economically and efficiently drained by the authorized wells in such drilling and spacing unit. Applicant further maintains that the proposed amended setbacks for the established drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

13. 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 13th day of July, 2017

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

By: 

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Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
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Denver, CO 80202
303-830-2500

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370 17th Street, Suite 5300
Denver, CO 80202

Attn: Jason Rayburn, Landman
Phone: 720-557-8300

EXHIBIT A

INTERESTED PARTIES

Adams County

Christopher Simmons
4300 South Adams County Pkwy.
Brighton, CO 80601-8218

City of Thornton

Grant Penland
9500 Civic Center Dr.
Thornton, CO 80229

Colorado Department of Public Health and Environment

Attn: Kent Kuster, Oil and Gas Liaison
4300 Cherry Creek Dr. South
Denver, CO 80246-1530

Colorado Parks and Wildlife

Northeast Region Office
Attn: Brendan Marette
6060 Broadway
Denver, CO 80216

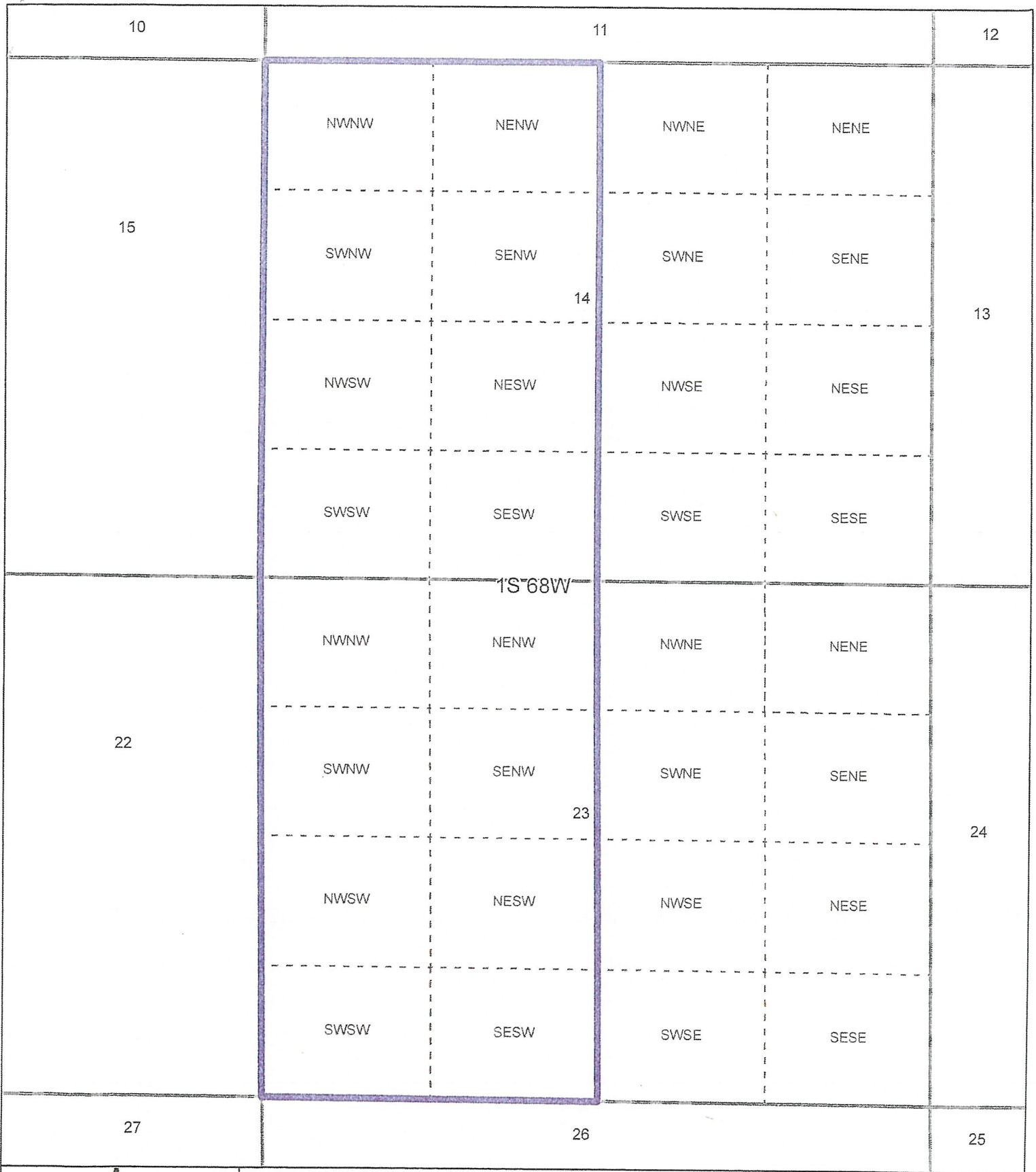
[Intentionally left blank, Exhibit A continued on next page.]

EXHIBIT A

W¹/₂ OF SECTIONS 14 AND 23, TOWNSHIP 1 SOUTH, RANGE 68 WEST, 6th P.M.



INTERESTED PARTIES

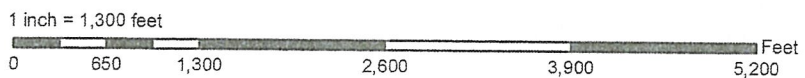
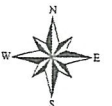
Extraction Oil & Gas, LLC
GTT, Inc.
Kerr McGee Rocky Mountain Corp
WS-ACB Development



WASHINGTON EAST S.
PROPOSED
SPACING UNIT

DATE: 9/6/2016 PRJ: GCS NAD83
SCALE: 1:15,600 AUTHOR: ECP

 Proposed Spacing Unit  Quarter/Quarter Section Grid



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

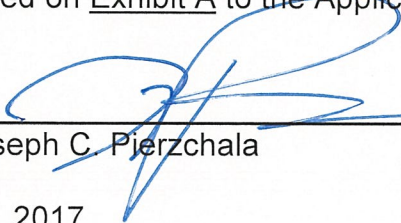
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AFFIDAVIT OF MAILING

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:

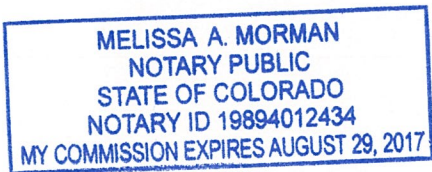
That I am the attorney for Extraction Oil & Gas, Inc. and that on or before July 20, 2017, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

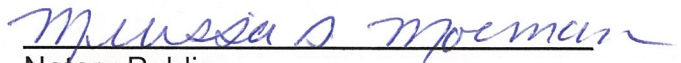


Joseph C. Pierzchala

Subscribed and sworn to before me July 26, 2017.

Witness my hand and official seal.





Notary Public

My commission expires: 8/29/2017