

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

IN THE MATTER OF THE APPLICATION)	Cause No. 407
OF EXTRACTION OIL & GAS, INC. FOR)	
AN ORDER VACATING ORDER NOS. 407-)	Docket No. 170900603
1790, 407-1828, 407-1829, AND 407-1830,)	
ESTABLISHING AN APPROXIMATE 1,920-)	Type: SPACING
ACRE DRILLIGN 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)	
TOWNSHIP 1 SOUTH, RANGE 68 WEST,)	
6TH P.M., ADAMS AND BROOMFIELD)	
COUNTIES, COLORADO.)	

APPLICATION

Extraction Oil & Gas, Inc. ("Applicant"), Operator No. 10459, by 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. 407-1790, 407-1828, 407-1829, and 407-1830, establishing an approximate 1,920-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 Adams and Broomfield Counties, 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 10: All
Section 15: All
Section 22: All

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. 407-1790, which established an approximate 320-acre drilling and spacing unit for the W½ of Section 10, 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. The W½ of Section 10 of Application Lands is subject to this Order for the Codell and Niobrara Formations.

4. On October 24, 2016, the Commission entered Order No. 407-1828, which established an approximate 640-acre drilling and spacing unit for the E½ of Sections 15 and 22, 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. The E½ of Sections 15 and 22 of Application Lands is subject to this Order for the Codell and Niobrara Formations.

5. On October 24, 2016, the Commission entered Order No. 407-1829, which established an approximate 640-acre drilling and spacing unit for the E½ of Sections 3 and 10, 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. The E½ of Section 10 of Application Lands is subject to this Order for the Codell and Niobrara Formations.

6. On October 24, 2016, the Commission entered Order No. 407-1830, which established an approximate 640-acre drilling and spacing unit for the W½ of Sections 15 and 22, 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. The W½ of Sections 15 and 22 of Application Lands is subject to this Order for the Codell and Niobrara Formations.

7. To promote efficient drainage of the Codell and Niobrara Formations within the Application Lands and to avoid waste, the Commission should vacate Order Nos. 407-1790, 407-1828, 407-1829, and 407-1830 and establish an approximate 1,920-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 10: All
Section 15: All
Section 22: All

8. Applicant is requesting to drill and complete one (1) horizontal well in the above-described approximate 1,920-acre drilling and spacing unit with the option to drill and complete up to a total of twenty (20) horizontal wells in the unit for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations in the Application Lands 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/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.

9. On May 25, 2017, amended June 28, 2017, Applicant filed a verified application in Docket No. 170700470 for an order to vacate Order Nos. 407-1794, 407-1825, and 407-1826 and establish an approximate 1,360-acre drilling and spacing unit for E $\frac{1}{2}$ of Section 33 and the W $\frac{1}{2}$ of Section 34, Township 1 North, Range 68 West, 6th P.M. and the W $\frac{1}{2}$ of Section 3 and the E $\frac{1}{2}$ and E $\frac{1}{2}$ E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 4, 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 to be located no closer than 150 feet from the treated interval of any other wellbore producing from the Codell and Niobrara Formations, and no closer than 460 feet from the northern and western unit boundaries and 150 feet from the eastern and southern unit boundaries, without exception being granted by the Director.

10. As it respects the present Application, the application in Docket No. 170700470 requests a reduced unit boundary setback of 150 feet along the southern boundary, which abuts the northern boundary of the present Application's proposed drilling and spacing unit, for which the Application requests a reduced unit boundary setback of 150 feet. Thus, the two proposed 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.

11. On July 13, 2017, Applicant filed a verified application (Docket No. pending) for an order to vacate Order No. 407-1829 and establish an approximate 640-acre drilling and spacing unit for the E $\frac{1}{2}$ of Section 34, Township 1 North, Range 68 West, 6th P.M. and the E $\frac{1}{2}$ of Section 3, Township 1 South, Range 68 West, 6th P.M. for the Codell and Niobrara Formations with up to ten (10) wells within the unit with the treated interval of each wellbore to be located no closer than 150 feet from the treated interval of any other wellbore producing from the Codell and Niobrara Formations, and no closer than 460 feet from the northern and eastern unit boundaries and 150 feet from the western and southern unit boundaries, without exception being granted by the Director.

12. As it respects the present Application, the application referenced in paragraph 11 above requests a reduced unit boundary setback of 150 feet along the southern boundary, which abuts the northern boundary of the present Application's

proposed drilling and spacing unit, for which the Application requests a reduced unit boundary setback of 150 feet. Thus, the two proposed 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.

13. On July 13, 2017, Applicant filed a verified application (Docket No. pending) for an order to amend Order Nos. 407-1827 and 407-1831, which, respectively, established two 640-acre drilling and spacing units covering the W $\frac{1}{2}$ of Sections 2 and 11 ("Washington North Unit"), and the W $\frac{1}{2}$ of Sections 14 and 23 ("Washington South Unit"), Township 1 South, Range 68 West, 6th P.M., such that, as relevant to this Application, the treated interval of each wellbore located in the Washington North and South drilling and spacing units 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 150 feet from the units' western unit boundaries, without exception being granted by the Director.

14. As it respects the present Application, the applications referenced in paragraph 13 above request a reduced unit boundary setback of 150 feet along the western boundary, which abuts the eastern boundary of the present Application's proposed drilling and spacing unit, for which the Application requests a reduced unit boundary setback of 150 feet. Thus, the three 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.

15. 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.

16. 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 proposed 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.

17. Applicant states that the wells be drilled from one well pad located in the unit and/or from a legal location on adjacent lands, without exception granted by the Director.

18. 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 this Application shall be served on each interested party within seven days after filing of the application as required by Rules 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: 

Joseph C. Pierzchala
Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
Attorneys for Applicant
1125 17th Street, Suite 2200
Denver, CO 80202
303-830-2500
jpierzchala@wsmtlaw.com
gstorm@wsmtlaw.com

Applicant's Address:

Extraction Oil & Gas, Inc.
370 17th Street, Suite 5300
Denver, CO 80202
Attn: Jason Rayburn, Landman
Phone: 720-557-8300

VERIFICATION

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

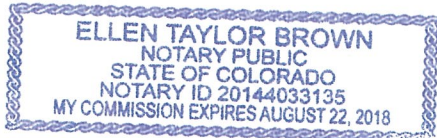
Jason Rayburn, Landman with Extraction Oil & Gas, Inc., upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

EXTRACTION OIL & GAS, INC.

Jason Rayburn, Landman

Subscribed and sworn to before me this 13th day of July, 2017 by Jason Rayburn, Landman for Extraction Oil & Gas, Inc.

Witness my hand and official seal.



ETB

Notary Public
My Commission Expires: 8/22/18

EXHIBIT A

INTERESTED PARTIES

City and County of Broomfield

Tami Yellico
One DesCombes Drive
Broomfield, CO 80020

Adams County

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

City of Westminster

Dave Loseman
4800 92nd Avenue
Westminster, CO 80031

City of Thornton

Grant Penland
9500 Civic Center Drive
Thornton, CO 80229

Colorado Department of Public Health and Environment

Kent Kuster
4300 Cherry Creek Drive South
Denver, CO 80246-1500

Colorado Parks and Wildlife

Brandon Marette
Northeast Region Office
6060 Broadway
Denver, CO 80216

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EXHIBIT A CONTINUED ON NEXT PAGE

EXHIBIT A
INTERESTED PARTIES

Extraction Oil and Gas, LLC
PDC Energy
City of Thornton
Extraction Oil and Gas, LLC

Exhibit B

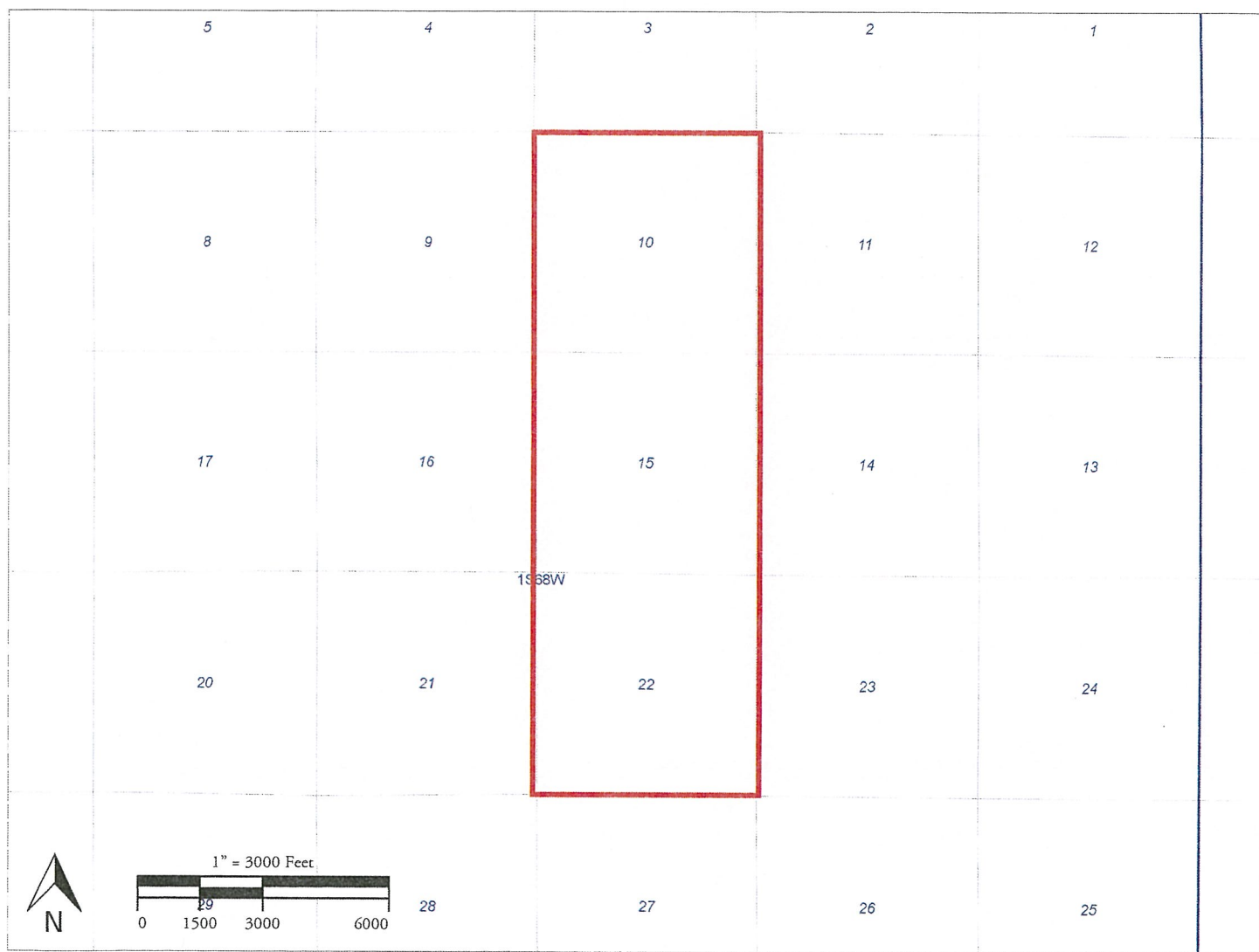
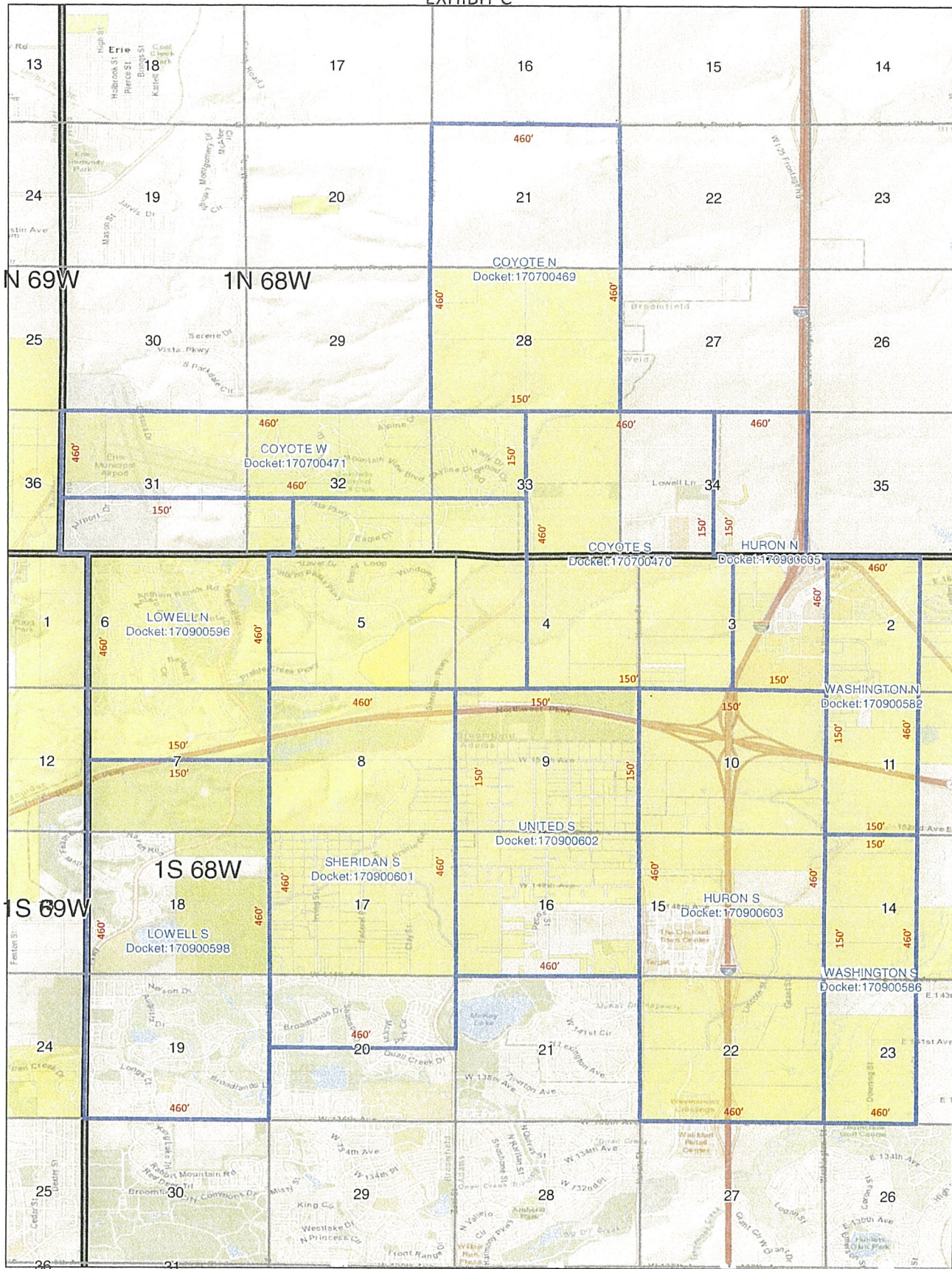


EXHIBIT C



EXTRACTION
Oil & Gas
Broomfield Proposed Spacing
Docket Numbers

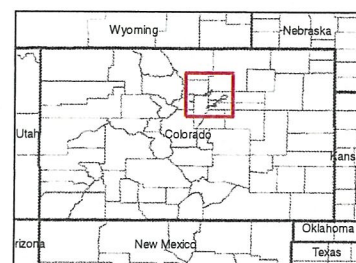
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Date: 7/18/2017 Author: ECP

Legend

Proposed Spacing Unit
 Extraction Leasehold

0 0.125 0.25 0.5 0.75 1 Miles

Service Layer Credits: Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



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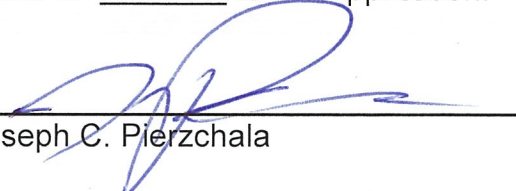
Cause No. 407
Docket No. 170900603
Type: SPACING

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 25, 2017.

Witness my hand and official seal.

MELISSA A. MORMAN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19894012434
MY COMMISSION EXPIRES AUGUST 29, 2017


Notary Public

My commission expires: 8/29/2017