BEFORE THE OIL AND GAS CONSERVATION COMMISSIONAR 21 2018 OF THE STATE OF COLORADO

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IN THE MATTER OF AN APPLICATION BY)	CAUSE NO. 535
EDGE ENERGY II, LLC FOR AN ORDER VACATING AN APPROXIMATE 640-ACRE)	DOCKET NO. 180600388
DRILLING AND SPACING UNIT)	
ESTABLISHED BY ORDER NO. 535-7,)	TYPE: SPACING
VACATING AN APPROXIMATE 640-ACRE)	
DRILLING AND SPACING UNIT)	
ESTABLISHED BY ORDER NO. 535-56, AND)	
MODIFYING AN APPROXIMATE 1,280-ACRE)	
DRILLING AND SPACING UNIT)	
ESTABLISHED BY ORDER NO. 535-633 FOR)	
THE PRODUCTION OF OIL, GAS, AND)	
ASSOCIATED HYDROCARBONS FROM THE)	
NIOBRARA, FORT HAYS, CODELL AND)	
CARLILE FORMATIONS IN SECTIONS 29)	
AND 32, TOWNSHIP 11 NORTH, 65 WEST,)	
6TH P.M., UNNAMED FIELD, WELD COUNTY,)	
COLORADO.)	

<u>APPLICATION</u>

Edge Energy II, LLC, Operator No. 10671 ("Applicant" or "Edge"), 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 one approximate 640-acre drilling and spacing unit established by Order No. 535-7, vacating an approximate 640-acre drilling and spacing unit established by Order No. 535-56, and modifying an approximate 1,280-acre drilling and spacing unit established by Order No. 535-633 to include the Niobrara, Fort Hays, and Carlile Formations and to approve up to twelve (12) horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations. In support of its Application, Applicant states as follows:

- 1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado and is a registered operator in good standing with the Commission.
- 2. Applicant owns leasehold interests in the following-described lands ("Application Lands"), and is an owner as defined by Commission Rules and the Conservation Act with standing to bring this Application:

Township 11 North, Range 65 West, 6th P.M.

Section 29: All Section 32: All

A reference map of the Application Lands is attached hereto.

- 3. Rule 318.a. provides that for unspaced lands, a well drilled in excess of 2,500 feet in depth shall be located not less than 600 feet from any lease line, and shall be located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. The Application Lands are subject to this Rule for the Fort Hays and Carlile Formations.
- 4. On April 4, 2011, the Commission entered Order No. 535-7 which established fifty-one (51) approximate 640-acre drilling and spacing units for certain lands located in Townships 9 through 11 North, Ranges 64 through 67 West, 6th P.M., and approved one horizontal well in each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Section 29 of the Application Lands is subject to this order for the Niobrara Formation.
- 5. On August 11, 2011, the Commission entered Order No. 535-56, which established an approximate 640-acre drilling and spacing unit for Section 32, Township 11 North, Range 65 West, 6th P.M., and approved one horizontal well within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries, without exception being granted by the Director. Section 32 of the Application Lands is subject to this order for the Niobrara Formation.
- 6. On March 2, 2015, the Commission entered Order No. 535-633, which established an approximate 1,280-acre drilling and spacing unit for Sections 29 and 32, Township 11 North, Range 65 West, 6th P.M., and approved a total of up to four horizontal wells within the unit, for the production oil, gas, and associated hydrocarbons from the Codell Formation, with the productive interval of the wellbores to be located no closer than 300 feet from the unit boundaries, and no closer than 600 feet from the productive interval of any other wellbore within the unit, without exception being granted by the Director. The Application Lands are subject to this order for the Codell Formation.
 - 7. There are no existing horizontal wells within the Application Lands.
- 8. To promote efficient drainage, to protect correlative rights, and to prevent waste, the Commission should vacate an approximate 640-acre drilling and spacing unit established by Order No. 535-7 for Section 29, Township 11 North, Range 65 West, 6th P.M., vacate an approximate 640-acre drilling and spacing unit established by Order No. 535-56 for Section 32, Township 11 North, Range 65 West, 6th P.M., and modify an established 1,280-acre drilling and spacing unit for the Application Lands to include the

Niobrara, Fort Hays, and Carlile Formations, and to approve a total of up to twelve (12) horizontal wells within the unit.

- 9. Applicant requests that the productive interval of the permitted horizontal wells within the unit be located no closer than 150 feet from the productive interval of any other horizontal wellbore within the same unit producing oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations, and be located no closer than 600 feet from the unit boundaries, without exception being granted by the Director.
- 10. Applicant requests the establishment of the above-proposed drilling and spacing unit and authority to drill only those wells necessary to determine the well density that will allow for efficient drainage of the Niobrara, Fort Hays, Codell and Carlile Formations, will prevent waste, will not adversely affect correlative rights and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Application Lands. Applicant maintains that the proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the requested number of wells within the unit. Applicant further maintains that wells drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.
- 11. The Applicant states the proposed horizontal wells will be drilled from no more than 2 locations within the unit or at a legal location(s) on adjacent lands, without exception being granted by the Director.
- 12. The Application Lands contain federal minerals. As such, Applicant agrees to submit a CA to the BLM at least 90 days before the anticipated date of first production (as defined in the COGCC Rules) from the initial well drilled within the drilling and spacing unit.
- 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 this Application shall be served on each interested party within the next seven days as required by Rule 503.e and 507.b.(1).

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[Remainder of page intentionally left blank]

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 Zday of March, 2018.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

Ву:_____

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

Applicant's Address:

1301 Washington St., Suite 300 Golden, CO 80401

Attn: Erik Larsen

Phone: 720-599-3650

<u>VERIFICATION</u>

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

Erik Larsen with Edge Energy II, 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.

EDGE ENERGY II, LLC

Erik Larsen

Subscribed and sworn to before me this 19th day of March, 2018, by Erik Larsen for Edge Energy II, LLC.

Witness my hand and official seal.

DALE SCOTT ALBRECHT

NOTARY PUBLIC

STATE OF COLORADO

NOTARY ID 20164040854

MY COMMISSION EXPIRES OCTOBER 26, 2020

Notary Public

My Commission Expires:

EXHIBIT A

Weld County

Troy Swain
Weld County
Department of Planning Services
1555 North 17th Ave.
Greeley CO 80631

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

EXHIBIT A

Edge Energy II, LLC
30 Mile Ranch, LLC
County of Weld
United States Dept. of the Interior – Bureau of Land Management

Exhibit B - Application Lands

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

IN THE MATTER OF AN APPLICATION BY CAUSE NO. 535 EDGE ENERGY II, LLC FOR AN ORDER VACATING AN APPROXIMATE 640-ACRE DOCKET NO. 180600388 DRILLING AND SPACING ESTABLISHED BY ORDER NO. 535-7. TYPE: SPACING VACATING AN APPROXIMATE 640-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 535-56, AND MODIFYING AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 535-633 FOR THE PRODUCTION OF OIL, GAS, AND ASSOCIATED HYDROCARBONS FROM THE NIOBRARA, FORT HAYS, CODELL AND CARLILE FORMATIONS IN SECTIONS 29 AND 32, TOWNSHIP 11 NORTH, 65 WEST, 6TH UNNAMED P.M.. FIELD. WELD COUNTY, COLORADO.

AFFIDAVIT OF MAILING

STATE OF COLORADO 8000 CITY AND COUNTY OF DENVER

I, Geoffrey W. Storm, of lawful age, and being first duly sworn upon my oath, state and declare:

That I am the attorney for Edge Energy II, LLC and that on or before March 27, 2018, 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.

Subscribed and sworn to before me March 27, 2018.

Witness my hand and official seal.

MELISSA A. MORMAN NOTARY PUBLIC STATE OF COLORADO NOTARY ID 19894012434 MY COMMISSION EXPIRES AUGUST 29, 2021

My commission expires: T 129 1203