

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

IN THE MATTER OF THE PAYMENT OF)	CAUSE NO: 1
PROCEEDS FROM PRODUCTION OF OIL)	
AND GAS AS ESTABLISHED BY SECTION)	DOCKET NO: 171200886
34-60-116 AND SECTION 34-60-118.5, C.R.S.,)	
WATTENBERG FIELD, CODELL / NIOBRARA /)	TYPE: GENERAL
J SAND FORMATIONS, WELD COUNTY,)	ADMINSTRATIVE
COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

WELLS

Runyan 1 (API No. 05-123-10614)

Runyan 3 (API No. 05-123-36766)

APPLICATION

On October 9, 2017, Incline Niobrara Partners, LP ("Incline" or "Applicant") filed a Form 38 Payment of Proceeds Hearing Request against Top Operating Co. ("Top") pursuant to C.R.S. §34-60-118.5 and Rule 503.b.(10), for an order to:

1. Declare that Top is in violation of C.R.S. §34-60-116(1) and C.R.S. §34-60-116(6), as Top ceased to provide election notices to Incline, including predecessors, or file any applications regarding a request for an order to statutorily pool interest owners in the Subject Wells.
2. Declare that Top did not grant Incline, or its predecessors, the right to participate, through an election notice, as stipulated in COGCC Rule 530 pursuant to C.R.S. §34-60-116(7).
3. Declare that Top is in violation of C.R.S. §34-60-118.5, as Top has yet to provide Incline with a proper accounting of Incline's ownership in the Subject Wells, alongside any reporting of accurate sales volumes and payment of proceeds as required by §34-60-118.5(2)(a) and §34-60-118.5(2.3), with an emphasis on subsections (2.3)(c) and (2.3)(f).

APPLICABLE STATUTE

• **C.R.S §34-60-116:**

(1) To prevent or to assist in preventing waste, to avoid the drilling of unnecessary wells, or to protect correlative rights, the commission, upon its own motion or on a proper application of an interested party, but after notice and hearing as provided in this section, has the power to establish drilling units of specified and approximately uniform size and shape covering any pool.

(6) When two or more separately owned tracts are embraced within a drilling unit, or when there are separately owned interests in all or a part of the drilling unit, then persons owning such interests may pool their interests for the development and operation of the drilling unit. In the absence of voluntary pooling, the commission, upon the application of any interested person, may enter an order pooling all interests in the drilling unit for the development and operation thereof. Each such pooling order shall be made after notice and hearing and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the drilling unit the opportunity to recover or receive, without unnecessary expense, his just and equitable share. Operations incident to the drilling of a well upon any portion of a unit covered by a pooling order shall be deemed for all purposes to be the conduct of such operations upon each separately owned tract in the unit by the several owners thereof. That portion of the production allocated or applicable to each tract included in a unit covered by a pooling order shall, when produced, be deemed for all purposes to have been produced from such tract by a well drilled thereon.

- **C.R.S §34-60-118.5:**

(2)(a) Unless otherwise agreed pursuant to paragraph (b) of this subsection (2), payments of proceeds derived from the sale of oil, gas, or associated products shall be paid by a payer to a payee commencing not later than six months after the end of the month in which production is first sold. Thereafter, such payments shall be made on a monthly basis not later than sixty days for oil and ninety days for gas and associated products following the end of the calendar month in which subsequent production is sold. Payments may be made annually if the aggregate sum due a payee for twelve consecutive months is one hundred dollars or less.

(2.3) Notwithstanding any other applicable terms or arrangements, every payment of proceeds derived from the sale of oil, gas, or associated products shall be accompanied by information that includes, at a minimum:

(c) The total quantity of product sold attributable to such payment, including the units of measurement for the sale of such product;

(f) The payee's interest in the sale, expressed as a decimal and calculated to at least the sixth decimal place.

NOTICE IS HEREBY GIVEN, pursuant to C.R.S. §34-60-101 to 130 and the Commission's Rules of Practice and Procedure, 2 CCR 404-1, that the Commission has scheduled this matter for hearing on:

Date: March 19-20, 2018

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Additional information about the hearing on this Application will be in the Commission's Agenda, which is posted on the Commission website approximately 3 days before the hearing.

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

At hearing, the Commission will consider the Application and enter an order pursuant to its authority under the statute. **Any interested party desiring to protest or intervene should file with the Commission a written protest or intervention in accordance with Rule 509., no later than March 5, 2018.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. One electronic (cogcc.hearings_unit@state.co.us), one original and two copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of March 5, 2018, if a prehearing conference is requested by the Applicant, or any person who has filed a protest or intervention.** Pursuant to Rule 511., if the matter is uncontested, it may be approved without a hearing.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Julie Spence Prine, Secretary

Dated: February 12, 2018

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203
Website: <http://cogcc.state.co.us>
Phone: (303) 894-2100
Fax: (303) 894-2109

Incline Niobrara Partners, LP
5019 N. Central Expy., Suite B
Dallas, TX 75205
info@inclineresources.com
(214) 274-3800