

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 407
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS FOR THE NIOBRARA AND CODELL) DOCKET NO. 180400343
FORMATIONS, WATTENBERG FIELD, WELD)
COUNTY, COLORADO) TYPE: SPACING

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 7 North, Range 65 West, 6th P.M.

Section 11: All

Section 12: All

APPLICATION

On March 1, 2018, Nickel Road Operating, LLC (Operator No. 10669), together with Nickel Road FW, LLC and Cobalt Oil & Gas, LLC, both of which are affiliates of Nickel Road Operating, LLC under common ownership and control (together, "Nickel Road" or "Applicant"), filed a verified application pursuant to §34-60-116, C.R.S., for an order to:

1) Establish an approximate 1,280-acre drilling and spacing unit for Sections 11 and 12, Township 7 North, Range 65 West, 6th P.M. for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, and approve up to 24 new horizontal wells in the proposed approximate 1,280-acre drilling and spacing unit for the efficient and economic development of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations underlying the Application Lands.

3) Providing that the treated interval of each proposed horizontal well shall be no closer than 460 feet from the boundaries of the proposed unit, and all horizontal wells shall be no closer than 150 feet from the treated interval of another well producing from the same supply within the unit, unless a waiver or consent is obtained from the operator of such well.

4) Providing that no more than two new well pads be approved in the unit, or adjacent thereto, unless an exception is granted by the Director.

5) Finding that the approximate 1,280-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Niobrara and Codell Formations.

6) For such other findings and orders as the Commission may deem proper or advisable in this matter.

APPLICABLE ORDERS AND RULES

(available online at: <http://cogcc.state.co.us>, under "Regulation," then select "Orders" or "Rules")

- Rule 318.a. provides that "a well to be drilled two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless approved by order of the Commission upon hearing."
- On April 27, 1998, the Commission adopted Rule 318A, which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was amended to, among other things, address drilling of horizontal wells but did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area. The lands encompassing the Application Lands are subject to Rule 318A for wells drilled and producing in the Niobrara and Codell Formations, and also subject to 460' setbacks.

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

Date: April 30 - May 1, 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 April 16, 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 April 16, 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: March 23, 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

Attorneys for Nickel Road:
Brent D. Chicken
Melissa Lyon
Fox Rothschild LLP
1225 17th Street, Suite 2200
Denver, Colorado 80202
(303) 446-3844
(303) 292-1300 (fax)
bchicken@foxrothschild.com
mlyon@foxrothschild.com