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

IN THE MATTER OF THE **AMENDED** APPLICATION OF VERDAD RESOURCES LLC FOR AN ORDER ESTABLISHING AN APPROXIMATE **1,280-ACRE** ~~640-ACRE~~ DRILLING AND SPACING UNIT AND WELL LOCATION RULES APPLICABLE TO THE DRILLING AND PRODUCING OF WELLS FROM THE CODELL AND NIOBRARA FORMATIONS COVERING **SECTIONS 15 AND** 22, TOWNSHIP 1 NORTH, RANGE 65 WEST, 6TH P.M., WATTENBERG FIELD, WELD COUNTY, COLORADO.	)	Cause No. 407 Docket No. 170900529 Type: SPACING

AMENDED APPLICATION

Verdad Resources, LLC, Operator No. 10651 ("Applicant" or "Verdad"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this **Amended** Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate **1,280-acre** ~~640-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 Weld County, Colorado. In support of its Application, Applicant states as follows:

1. Applicant is a limited liability company duly authorized to conduct business in Colorado.

2. Applicant owns leasehold interests in the following lands ("**Application Lands**"):

Township 1 North, Range 65 West, 6th P.M.
Section 15: All
Section 22: All

Weld County, Colorado

A reference **map** of the **Application Lands** is attached hereto.

3. 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 is

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.

4. On January 26, 2015, the Commission entered Order No. 407-1211, which approved Verdad Oil & Gas Corporation's request for an order to pool all interests in an approximate 320-acre designated Rule 318A horizontal wellbore spacing unit established by Verdad Oil & Gas Corporation for the E ½ of Section 22, Township 1 North, Range 65 West, 6th P.M., effective as of the date of the Application, for development and operation of the Codell and Niobrara Formations and subjected all nonconsenting parties to the cost recovery provisions of Section 34-60-116(7), C.R.S., for the Drake 01N-65W-22-8N Well (API No. 05-123-40503)~~("Drake Well")~~. Section 22, Township 1 North, Range 65 West, 6th P.M. of the Application Lands is subject to the ~~Drake Well~~ **Drake 01N-65W-22-8N** ~~WSU~~ **horizontal wellbore spacing unit** and Order No. 407-1211. Applicant requests that the ~~Drake well~~ **Drake 01N-65W-22-8N** remain subject to Order No. 407-1211, and the proceeds for all oil and gas production from the ~~Drake Well~~ **Drake 01N-65W-22-8N** continue to be allocated and paid pursuant to the terms of that Order.

5. On May 14, 2016, Confluence DJ, LLC spud the Long 22-15-6NCH (API 05-123-41513) horizontal well from a surface location in Section 22, Township 1 North, Range 65 West, 6th P.M. The Long 22-15-6NCH is subject to a Rule 318A horizontal wellbore spacing unit established for the E½W½ and W½E½ of Section 15, Township 1 North, Range 65 West, 6th P.M. for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Applicant requests that the Long 22-15-6NCH remain subject to the Rule 318A horizontal wellbore spacing unit established by administrative approval of the Commission.

6. On or about December 18, 2016, eight Applications for Permits to Drill were filed for the Helzer 15-1 (API No. Pending), the Helzer 15-2 (API No. Pending), the Helzer 15-3 (API No. Pending), the Helzer 15-4 (API No. Pending), the Helzer 15-5 (API No. Pending), and the Helzer 15-6 (API No. Pending) ("the Helzer Wells"). Applications for Permits to Drill the Helzer Wells have been designated as "On Hold" at the Commission since their filing. *See Commission Website.* Each Application for Permit to Drill a Helzer Well requests a spacing unit according to Commission Rule 318A in Section 15, Township 1 North, Range 65 West, 6th P.M. To date, the Commission has not approved APDs for the Helzer Wells, nor have they established horizontal wellbore spacing units for the Helzer Wells.

7. Between the dates of July 21, 2017 and August 1, 2017, Verdad submitted eight Applications for Permits to Drill for the Drake 01N-65W-22-0H (API No. Pending), the Drake 01N-65W-22-1H (API No. Pending), the Drake 01N-65W-22-2H (API No. Pending), the Drake 01N-65W-22-3H (API No. Pending), the Drake 01N-65W-22-4H (API No. Pending), the Drake 01N-65W-22-5H (API No. Pending), the Drake 01N-65W-22-6H (API No. Pending), the Drake 01N-65W-22-7H (API No. Pending), and the Drake 01N-65W-22-9H (API No. Pending) ("the Drake Wells"). Applications for Permits to Drill Drake Wells are currently "In Process" at the Commission. *See Commission Website.*

8. The Codell and Niobrara Formations are a common source of supply under the Application Lands.

9. To promote efficient drainage of the Codell and Niobrara Formations within the Application Lands and to avoid waste, Applicant requests that the Commission **(1) maintain the Rule 318A horizontal wellbore spacing unit established for the Long 22-15-6NCH (2) maintain Order No. 407-1211 for the Drake 01N-65W-22-8N Well (3)** establish an approximate **1,280-acre** ~~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 North, Range 65 West, 6th P.M.
Section 15: All
Section 22: All

10. Applicant is requesting to drill and complete one (1) horizontal well in the approximate **1,280-acre** ~~640-acre~~ drilling and spacing unit described above, with the option to drill and complete up to a total of **eighteen (18)** ~~fifteen (15)~~ new horizontal wells in the unit, exclusive of the ~~Drake Well~~ **Drake 01N-65W-22-8N and the Long 22-15-6NCH , for a total of twenty (20) wells within the drilling and spacing unit,** for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. 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 Niobrara Formations, and no closer than 460 feet from a unit boundary, without exception being granted by the Director.

11. Applicant further requests that any horizontal wellbore spacing units established by the Commission for the Helzer Wells be maintained, and excluded from the drilling and spacing unit for the Application Lands.

12. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Codell and Niobrara Formations, prevents waste, does not adversely affect correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Codell and Niobrara Formations. The drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in such drilling and spacing unit. Applicant further maintains that wells drilled in the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

13. Applicant states that the wells be drilled and operated from two well pads located within the unit or from legal locations on adjacent lands, without exception granted by the Director.

14. 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 507.b.(1).

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 27th day of **September** ~~June~~, 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:
Verdad Resources LLC
ATTN: Philip W. Davis
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235
Phone: 214-838-2758

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Philip W. Davis, with Verdad Resources 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.

VERDAD RESOURCES LLC

Philip W. Davis

Subscribed and sworn to before me this 7th day of September, 2017, by Philip W. Davis, Verdad Resources LLC.

Witness my hand and official seal.

CRISTY L. THORNTON
Notary Public, State of Texas
Comm. Expires 05-23-2020
Notary ID 126531136

Cristy L. Thornton
Notary Public
My Commission Expires: 5-23-2020

EXHIBIT A

INTERESTED PARTIES

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

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

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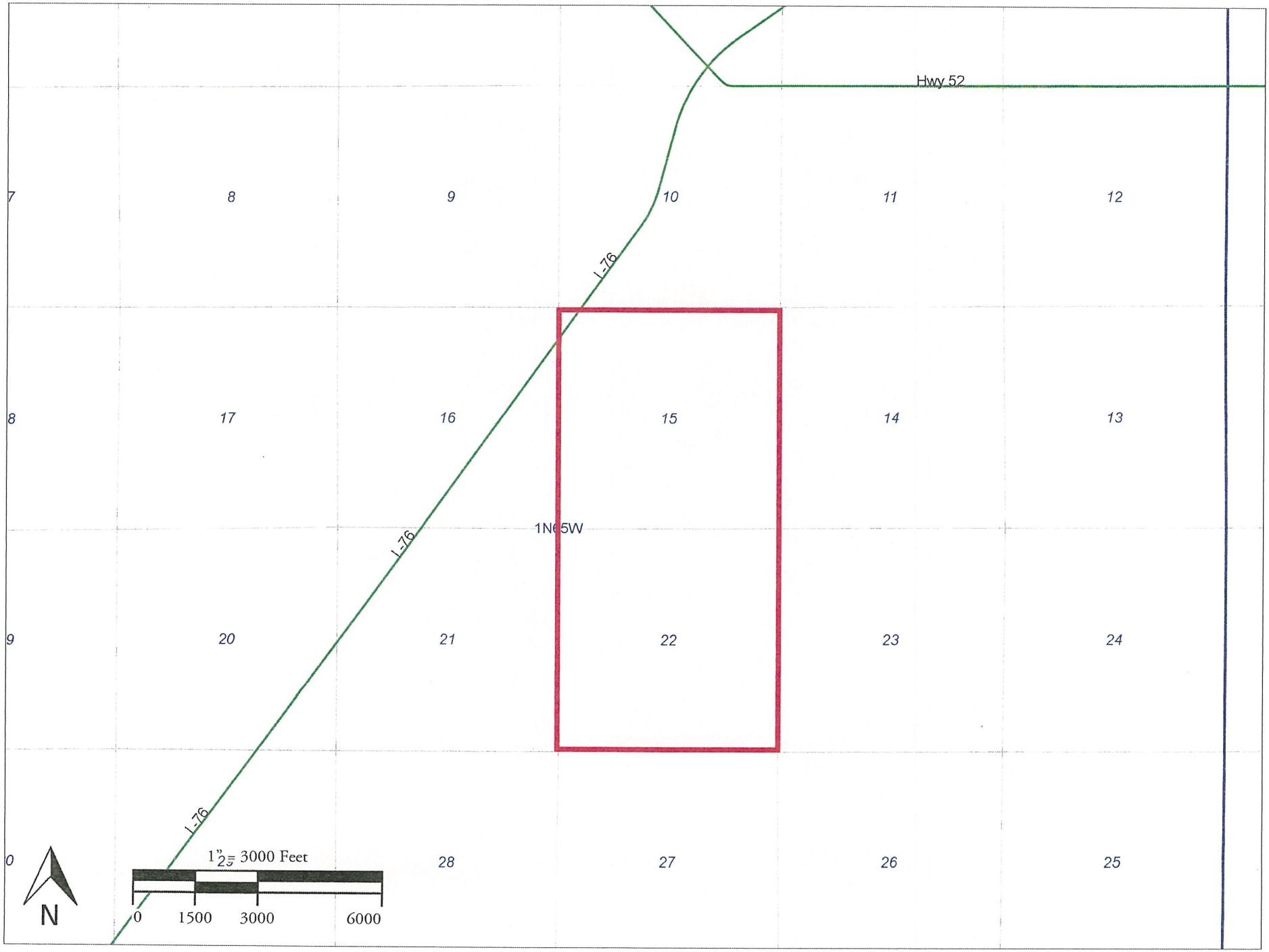
EXHIBIT A

INTERESTED PARTIES

Verdad Resources LLC
Kelly Michell Wilhelm, Cameron Boyd Wilhelm, Cambria Lynn Wilhelm
Kerr-McGee Oil & Gas Onshore LP
The James E. Rowe Jr Family Trust
Anadarko Land Corp.
J.C. Drake and Associates Inc., Employees Trust
Wildcat Energy LLC
Farmers Reservoir and Irrigation Co.
Lawrence and Roberta Long Family LP
Rochelle Energy Limited Partnership
Blue & Gray Resources Inc.
Edge Energy, LLC
Confluence DJ, LLC
Anadarko Land Corp.

Exhibit B - Application Lands



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IN THE MATTER OF THE **AMENDED** APPLICATION OF VERDAD RESOURCES LLC FOR AN ORDER ESTABLISHING AN APPROXIMATE **1,280-ACRE** ~~640-ACRE~~ DRILLING AND SPACING UNIT AND WELL LOCATION RULES APPLICABLE TO THE DRILLING AND PRODUCING OF WELLS FROM THE CODELL AND NIOBRARA FORMATIONS COVERING **SECTIONS 15 AND** 22, TOWNSHIP 1 NORTH, RANGE 65 WEST, 6TH P.M., WATTENBERG FIELD, WELD COUNTY, COLORADO.	)	Cause No. 407 Docket No. 170900529 Type: SPACING

AFFIDAVIT OF MAILING

STATE OF COLORADO §
§
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 Verdad Resources LLC and that on or before September 13, 2017, 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.

Geoffrey W. Storm

Subscribed and sworn to before me September 13, 2017

Witness my hand and official seal.

Melissa A. Morman
Notary Public
My commission expires: 8/29/2021

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