

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

IN THE MATTER OF THE APPLICATION OF
SANDRIDGE EXPLORATION & PRODUCTION
LLC FOR AN ORDER ESTABLISHING ONE
APPROXIMATE 1,266.24-ACRE DRILLING AND
SPACING UNIT AND AUTHORIZING UP TO
EIGHT (8) HORIZONTAL WELLS IN THE UNIT,
FOR SECTION 5, TOWNSHIP 7 NORTH, RANGE
80 WEST, 6TH P.M. AND SECTION 32,
TOWNSHIP 8 NORTH, RANGE 80 WEST, 6TH
P.M., FOR PRODUCTION FROM THE NIOBRARA
FORMATION, JACKSON COUNTY, COLORADO

Cause No. 531

Docket No. To be assigned

APPLICATION

SandRidge Exploration & Production LLC, Operator No. 10598 ("SandRidge" or "Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing an approximate 1,266.24-acre drilling and spacing unit ("DSU") for Section 5, Township 7 North, Range 80 West, 6th P.M. and Section 32, Township 8 North, Range 80 West, 6th P.M., and authorizing up to eight (8) horizontal wells in the proposed DSU for production of oil, gas, and associated hydrocarbons from the Niobrara Formation. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.
2. Applicant owns a leasehold interest in the below-listed lands:

Township 7 North, Range 80 West, 6th P.M.
Section 5: All [626.24ac]

Township 8 North, Range 80 West, 6th P.M.
Section 32: All

1,266.24 acres, more or less, Jackson County, Colorado.

The above-referenced lands are referred to hereinafter as the "Application Lands." A map depicting the Application Lands is attached hereto and marked as Exhibit A.

3. Rule 318.a. of the Commission Rules provides a well to be drilled 2,500 feet or greater 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 oil or gas well when drilling to

the same common source of supply, unless authorized by the Commission upon hearing.

4. On July 15, 2008, the Commission entered Order No. 531-2, which, among other things, established approximate 640-acre drilling and spacing units and authorized one horizontal well in each unit for certain lands in Townships 6 and 7 North, Ranges 80 and 81 West, 6th P.M., including Section 5 of the Application Lands, with the option to drill a second horizontal well, with a bottom hole location no closer than 600 feet from the boundaries of the unit, for production of gas and associated hydrocarbons from the Niobrara Formation.

5. On July 29, 2013, the Commission entered Order No. 531-4, which, among other things, established an approximate 1267.58-acre drilling and spacing unit for Sections 4 and 5, Township 7 North, Range 80 West, 6th P.M., and approved up to seven wells 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 and no closer than 150 feet from the treated interval of any other wellbore located in the unit.

6. On June 17, 2014, the Commission entered Order No. 531-12, which, among other things, established an approximate 640-acre drilling and spacing unit for the Section 32, Township 8 North, Range 80 West, 6th P.M., for the Niobrara Formation, approved up to one horizontal well within the unit, and pooled all interests within the unit established for said Section 32, for the development and operation of the Niobrara Formation, and subjected all nonconsenting parties to cost recovery for the drilling of the well.

7. On July 28, 2014, the Commission entered Order No. 531-17, which, among other things, approved two additional horizontal wells, for a total of up to three horizontal wells, within an approximate 640-acre drilling and spacing unit established by Order No. 531-12 for Section 32, Township 8 North, Range 80 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

8. On May 18, 2015, the Commission entered Order No. 531-18, which, among other things, modified various Orders to allow 300 foot setbacks as to the unit boundaries of the drilling and spacing units established and/or modified by such orders, for the production of the oil, gas, and associated hydrocarbons from the Niobrara and Frontier Formations, modified various Orders to allow for 150 foot interwell setbacks, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, approved up to four horizontal wells within all approximate 480-acre and 640-acre drilling and spacing units established by various Orders for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, and established four approximate 640-acre drilling and spacing units for Section 31, Township 8 North, Range 80 West, 6th P.M., and Sections 34, 35 and 36, Township 8 North, Range 81 West, 6th P.M., and approve up to four horizontal wells within each unit.

9. On June 6, 2016, the Commission entered Order No. 531-31, which, among other things, authorized the drilling of nine (9) additional horizontal wells, for a total of sixteen (16) horizontal wells, on the approximate 1267.58-acre drilling and spacing unit for Sections 4 and 5, Township 7 North, Range 80 West, 6th P.M., established by Order No. 531-4 for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

10. On August 29, 2016, the Commission entered Order No. 531-35, which, among other things, modified the setbacks in Order No. 531-18 to provide that the productive intervals of any wellbore shall be no closer than 100 feet from the northern and southern boundaries of the approximate 1,267.58-acre drilling and spacing unit established by Order No. 531-4 for Sections 4 and 5, Township 7 North, Range 80 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

11. Applicant requests the Commission establish the Application Lands as an approximate 1,266.24-acre DSU for the Niobrara Formation pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed DSU is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Niobrara Formation.

12. The DSU established by Order No. 531-12 contains one well that is currently producing from the Niobrara Formation:

<u>Well Name</u>	<u>API No.</u>	<u>Operator</u>
Grizzly 3-32H	05-057-06523	Applicant

13. Applicant requests that production from the Grizzly 3-32H Well continue to be allocated on a 640-acre unit basis pursuant to Order No. 531-12. Accordingly, Applicant requests that the Grizzly 3-32H Well be excluded from the 1,266.24-acre DSU proposed herein. Applicant requests the Commission amend, modify or vacate Order No. 531-12 as it deems fit so as to conform with Applicant's request that production from Grizzly 3-32H Well continue to be allocated on a 640-acre basis.

14. Applicant states the 1,267.58-acre drilling unit established by Order No. 531-4 for Sections 4 and 5, Township 7 North, Range 80 West, 6th P.M., does not currently have any wells spud or producing from any formation, and requests that Order No. 531-4 be vacated so as to establish the standup 1,266.24-acre drilling and spacing unit proposed for the Application Lands.

15. Applicant requests it be authorized to drill and complete up to eight (8) horizontal wells in the proposed DSU, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

16. Applicant states that, for any permitted wells to be drilled under this Application, the treated intervals of the wellbores should be not less than 100 feet from the north and south boundaries of the DSU, not less than 300 feet from the east and west boundaries of the DSU, and not less than 150 feet from the treated interval of another well producing from the same formation, unless an exception is granted by the Director.

17. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §34-60-101, et seq., C.R.S., and the Commission rules.

18. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

19. Applicant will submit a certificate of service for the Application within the seven days as required by Rule 503.e.

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:

A. Vacating Order No. 531-4.

B. Establishing an approximate 1,266.24-acre DSU for the Application Lands, and authorizing the drilling of up to eight (8) horizontal wells within the proposed DSU, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, from no more than two well pads, with the treated intervals of the wellbores to be not less than 100 feet from the north and south boundaries of the DSU, not less than 300 feet from the east and west boundaries of the DSU, and not less than 150 feet from the treated interval of a well producing from the Niobrara Formation, unless an exception is granted by the Director.

C. Amending, modifying or vacating the 640-acre exploratory drilling unit established by Order No. 531-12 for Section 32, Township 8 North, Range 80 West, 6th P.M., so as to allow production from the Grizzly 3-32H Well to continue to be allocated on a 640-acre basis.

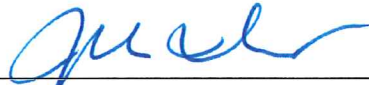
D. Providing that relief granted under this Application be effective on oral order by the Commission, relying on the Applicant's desire to be bound by said oral order.

E. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this ⁴14 day of July, 2017.

Respectfully submitted,

**SANDRIDGE EXPLORATION &
PRODUCTION LLC**

By: 
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Evan Bekkedahl
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Address of Applicant
SandRidge Exploration &
Production LLC
123 Robert S. Kerr Ave.
Oklahoma City, OK 73102

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

Richard Silman, Landman for SandRidge Exploration & Production 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.

SANDRIDGE EXPLORATION & PRODUCTION LLC



Richard Silman
Landman

Subscribed and sworn before me this 14th day of July, 2017,
by Richard Silman, Landman for SandRidge Exploration & Production LLC.

Witness my hand and official seal.

My commission expires: 8/13/18



NOTARY PUBLIC

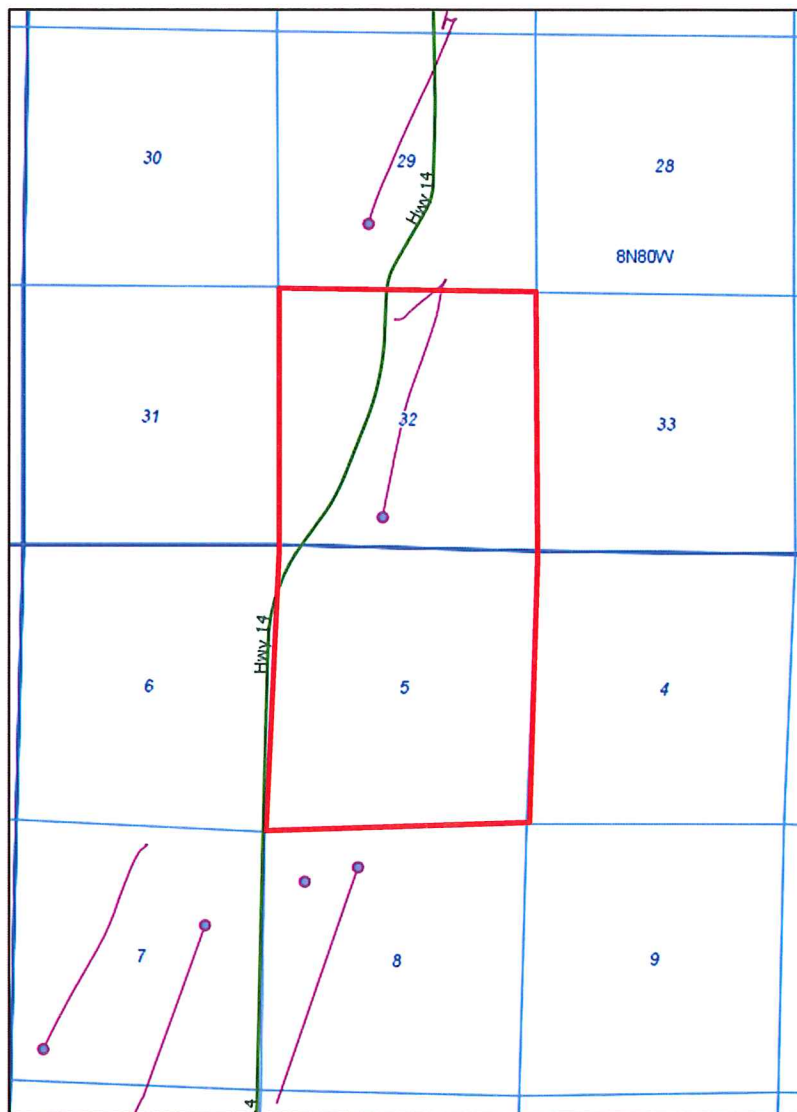


Reference Map of the Application Lands

Section 5: All

Section 32: All

1280 acres, more or less, Jackson County, Colorado



= Application Lands

IN THE MATTER OF THE APPLICATION OF SANDRIDGE EXPLORATION & PRODUCTION LLC FOR AN ORDER ESTABLISHING ONE APPROXIMATE 1,266.24-ACRE DRILLING AND SPACING UNIT AND AUTHORIZING UP TO EIGHT (8) HORIZONTAL WELLS IN THE UNIT, FOR SECTION 5, TOWNSHIP 7 NORTH, RANGE 80 WEST, 6TH P.M. AND SECTION 32, TOWNSHIP 8 NORTH, RANGE 80 WEST, 6TH P.M., FOR PRODUCTION FROM THE NIOBRARA FORMATION, JACKSON COUNTY, COLORADO

Docket No. 170900628

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

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for SandRidge Exploration & Production LLC, and on or before the 20th day of July, 2017 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 attached hereto.

Subscribed and sworn to before me this 21st day of July, 2017.

Notary Public

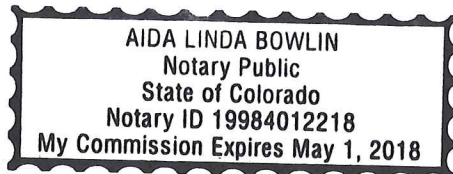


EXHIBIT A
INTERESTED PARTIES

Wm Kent Crowder
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