

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

IN THE MATTER OF THE APPLICATION OF
NICKEL ROAD OPERATING LLC FOR AN
ORDER ESTABLISHING AN APPROXIMATE
320-ACRE DRILLING AND SPACING UNIT
FOR THE S½ OF SECTION 5, TOWNSHIP 3
NORTH, RANGE 68 WEST, 6TH P.M., AND
AUTHORIZING THE DRILLING OF TWELVE
(12) HORIZONTAL WELLS UNIT FOR THE
DEVELOPMENT AND OPERATION FROM
THE CODELL AND NIOBRARA FORMATIONS,
WATTENBERG FIELD, WELD COUNTY,
COLORADO.

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING

APPLICATION

Nickel Road Operating, LLC (Operator No. 10669), together with Cobalt Oil & Gas, LLC and Prelude Petroleum, LLC, both of which are affiliates of Nickel Road Operating, LLC under common ownership and control (together, "Nickel Road" or "Applicant"), by and through its attorneys, Jost Energy Law, P.C., respectfully submits this for an order to establish an approximate 320-acre drilling and spacing unit for the below-described lands for the development and operation of the Codell and Niobrara Formations and to approve up to twelve (12) new horizontal wells in the proposed approximate 320-acre drilling and spacing unit for the efficient and economic development of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. 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 is a registered operator in good standing with the Commission.

2. Applicant is an Owner as defined by the Colorado Oil and Gas Conservation Act, § 34-60-103(7) and the Commission 100 Series Rules, owns leasehold interests and/or has the right to drill and produce on the following lands (hereafter "Application Lands"):

Township 3 North, Range 68 West, 6th P.M.
Section 5: S½

320-acres, more or less, Weld County, Colorado.

A reference map of the Application Lands is attached hereto.

3. On February 19, 1992, the Commission entered Order No. 407-87 (amended August 20, 1993) which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with permitted well locations in accordance with the provisions of Order No. 407-1. The Application Lands are subject to this Order for the Codell and Niobrara Formations.

4. 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 Codell and Niobrara Formations and are also subject to 460' subsurface setback.

5. On October 24, 2016, the Commission entered Order No. 407-1812 which, among other things, pooled all interests in an approximate 800-acre Rule 318A horizontal wellbore spacing unit, established for Section 32: S $\frac{1}{2}$ S $\frac{1}{2}$, Township 4 North, Range 68 West, 6th P.M. and Section 5: N $\frac{1}{2}$ N $\frac{1}{2}$, Township 3 North, Range 68 West, 6th P.M. for the development and operation of the Niobrara Formation. This Order is not applicable to the Application Lands.

6. On January 30, 2017, the Commission entered Order No. 407-1873 which, among other things, established, over a protest, three approximate 320-acre horizontal wellbore spacing units pursuant to Rules 318A for the certain of the Application Lands, for three horizontal wells, namely, the Litzenberger 1, 2 and 3 wells, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. This Order is not applicable to the Application Lands. Cub Creek is currently attempted to pool the Litzenberger 1, 2 and 3 wells in 170900595 up for hearing in October 2017.

7. To promote efficient drainage within the Codell and Niobrara Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an approximate 320-acre drilling and spacing unit for Application Lands for the efficient and economic development and operation of the Codell and Niobrara Formations.

8. The above-proposed drilling and spacing unit will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed well in the unit.

9. Applicant maintains that there will be no more than two (2) new well pads in the unit, or adjacent thereto, unless an exception is granted by the Director.

10. The treated interval of each proposed horizontal well shall be no closer than 460 feet on 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.

11. Applicant is requesting to drill and complete up to twelve (12) new horizontal wells in the proposed approximate 320-acre drilling and spacing unit for the efficient and economic development of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands.

12. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within seven (7) days of the filing hereof, as required by Rule 503.e.

13. 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.

14. 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.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in October, 2017, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Establishing an approximate 320-acre drilling and spacing unit for Section 5: S½, Township 3 North, Range 68 West, 6th P.M., and allowing up to twelve (12) new horizontal wells in the unit in order to efficiently and economically develop and recover the Codell and Niobrara Formations in the unit.

B. Providing that the treated interval of each proposed horizontal well shall be no closer than 460 feet on 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.

C. Providing that no more than two (2) new well pads in the unit, or adjacent thereto, unless an exception is granted by the Director.

D. Finding that the approximate 320-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Codell and Niobrara


Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations in Section 5: S½, Township 3 North, Range 68 West, 6th P.M.

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

DATED August 31, 2017.

Respectfully submitted:

NICKEL ROAD OPERATING, LLC

By: 


Jamie L. Jost
Kelsey H. Wasylenky
Jost Energy Law, P.C.
Attorneys for Applicant
1401 17th Street, Suite 370
Denver, Colorado 80202
(720) 446-5620
jjost@jostenergylaw.com
kwasylenky@jostenergylaw.com

Applicant's Address:
Nickel Road Operating, LLC
ATTN: Andrew Haney
999 18th St Suite 3370
Denver, Co 80202

VERIFICATION

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

Andrew Haney, of lawful age, being first duly sworn upon oath, deposes and says that he is the Managing Partner for Nickel Road Operating, LLC and that he has read the foregoing Protest and that the matters therein contained are true to the best of his knowledge, information and belief.



Andrew Haney
Managing Partner
Nickel Road Operating, LLC

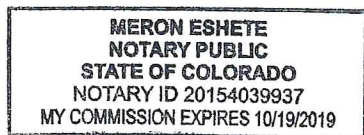
Subscribed and sworn to before me this 31st day of August, 2017.

Witness my hand and official seal.

[SEAL]

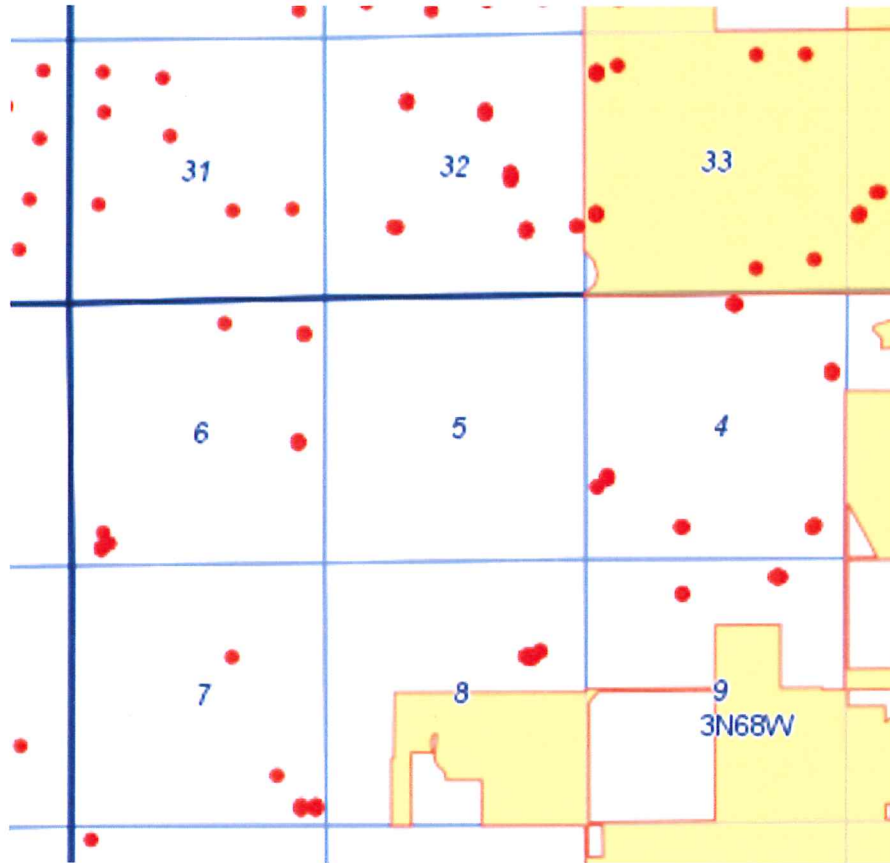
My commission expires: 10/19/2019


Notary Public



Reference Map

Section 5: S½, Township 3 North, Range 68 West, 6th P.M.



IN THE MATTER OF THE APPLICATION OF
NICKEL ROAD OPERATING LLC FOR AN
ORDER ESTABLISHING AN APPROXIMATE
320-ACRE DRILLING AND SPACING UNIT
FOR THE S½ OF SECTION 5, TOWNSHIP 3
NORTH, RANGE 68 WEST, 6TH P.M., AND
AUTHORIZING THE DRILLING OF TWELVE
(12) HORIZONTAL WELLS UNIT FOR THE
DEVELOPMENT AND OPERATION FROM
THE CODELL AND NIOBRARA
FORMATIONS, WATTENBERG FIELD, WELD
COUNTY, COLORADO.

TYPE: SPACING

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

Jamie L. Jost

Subscribed and sworn to before me this 1st day of September 2017.

Witness my hand and official seal.

[SEAL]

Notary Public

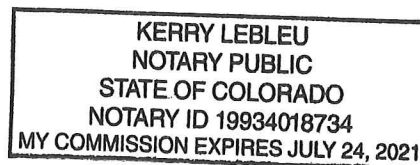


Exhibit A
SP-T3N-R68W Sec 5 S2

Field Resources, LLC
197 Nelson St.
Erie, CO 80516

TOP Operating Co.
3609 S. Wadsworth Blvd., Suite 340
Lakewood, CO 80235

Extraction Oil and Gas, LLC
370 17th St Suite 5300
Denver, CO 80202

Calvin Petroleum Corporation
555 17th Street
Denver, CO 80202

Kerr-McGee Oil & Gas Onshore LP
1099 18th St., Suite 1800
Denver, CO 80202

Noble Energy, Inc.
Attn: Wattenberg Land Dept.
1625 Broadway, Suite 2200
Denver, CO 80202

Noble Energy WYCO, LLC
1001 Noble Energy Way
Houston, TX 77070

Cobalt Oil & Gas, LLC
P.O. Box 8806
Denver, CO 80201

Wytex Drilling Ventures, LLC
P.O. Box 280969
Lakewood, CO 80228

1280 Horizons, LLC
13853 Quail Pointe Drive
Oklahoma City, OK 73134

CL Energy Rockies, LLC
201 Main Street, 19th Floor
Fort Worth, TX 76102

Cub Creek Energy, LLC
200 Plaza Drive, Suite 100
Highlands Ranch, CO 80129

Murray J. Herring
3609 S. Wadsworth Blvd., Suite 340
Lakewood, CO 80235

Rodney K. Herring
3609 S. Wadsworth Blvd., Suite 340
Lakewood, CO 80235

IN THE MATTER OF THE APPLICATION OF
NICKEL ROAD OPERATING LLC FOR AN
ORDER ESTABLISHING AN APPROXIMATE
320-ACRE DRILLING AND SPACING UNIT
FOR THE S½ OF SECTION 5, TOWNSHIP 3
NORTH, RANGE 68 WEST, 6TH P.M., AND
AUTHORIZING THE DRILLING OF TWELVE
(12) HORIZONTAL WELLS UNIT FOR THE
DEVELOPMENT AND OPERATION FROM
THE CODELL AND NIOBRARA
FORMATIONS, WATTENBERG FIELD, WELD
COUNTY, COLORADO.

TYPE: SPACING

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

James L. PH

Jamie L. Jost

Subscribed and sworn to before me this 6th day of September 2017.

[SEAL]


Notary Public

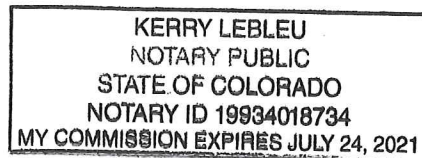


Exhibit A
SP-T3N-R68W Sec 5 S2

Kent Kuster
Colorado Department of
Public Health & Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Brandon Marette - Energy Liaison
Colorado Parks and Wildlife
Northeast Regional Office
6060 Broadway
Denver, CO 80216

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