

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

IN THE MATTER OF THE PROMULGATION) Cause No. 139
AND ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS FOR THE WILLIAMS) Docket No. 171000740
FORK AND ILES FORMATIONS, RULISON)
FIELD, GARFIELD COUNTY, COLORADO) Type: SPACING

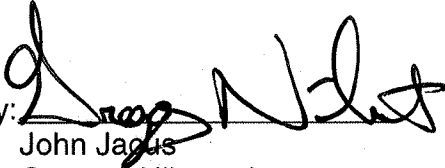
NOTICE OF WITHDRAWAL AND SUBSTITUTION OF COUNSEL

NOTICE IS HEREBY GIVEN that, pursuant to C.R.C.P. 121 § 1-11.1(a), attorneys John Jacus and Gregory Nibert, Jr. of Davis Graham & Stubbs, LLP hereby withdraws as counsel of record for Applicant Caerus Piceance LLC ("Caerus"), and simultaneously, attorneys Joseph C. Pierzchala and Geoffrey W. Storm of Welborn Sullivan Meck & Tooley, P.C., hereby substitute as counsel for Caerus, replacing Davis Graham & Stubbs, LLP. The foregoing counsel and law firms agree to this withdrawal and substitution. Caerus agrees with this withdrawal and substitution.

Counsel requests the Hearing Officer enter the withdrawal and substitution upon receipt of this Notice.

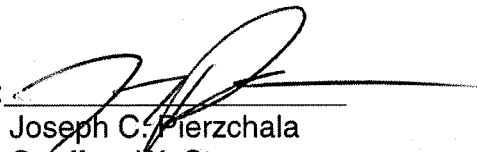
DATED this 14th day of May, 2018

By:



John Jacus
Gregory Nibert, Jr.
Davis Graham & Stubbs LLP
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By:

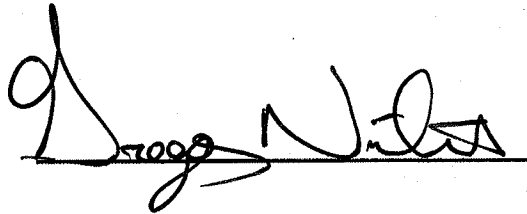


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CERTIFICATE OF SERVICE

I hereby certify that, on May 14, 2018, I caused a copy of NOTICE OF WITHDRAWAL AND SUBSTITUTION OF COUNSEL to be filed and served to the addressees listed below.

Via electronic mail and courier:
Colorado Oil and Gas Conservation Commission
ATTN: James Rouse and Julie Spence-Prine
1120 Lincoln Street, Suite 810
Denver, CO 80203
james.rouse@state.co.us
julie.prine@state.co.us



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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 139
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS FOR THE WILLIAMS FORK AND) DOCKET NO.
ILES FORMATIONS, RULISON FIELD, GARFIELD)
COUNTY, COLORADO) TYPE: SPACING

APPLICATION

Pursuant to C.R.S § 34-60-116, Caerus Piceance LLC (Operator # 10456) ("Applicant"), respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to 1) vacate all 40-acre drilling and spacing units established by Order 139-73 for Section 20, Township 7 South, Range 94 West; 2) maintain 40-acre spacing for the NW¼NW¼ of Section 20, Township 7 South, Range 94 West for the Rulison Federal #20-11A (17M) well, the Rulison Federal #20-11B (17M) well, and the Rulison Federal #20-11C (17M) well only established under Order 139-73 and exclude such wells from the proposed drilling and spacing unit; and 3) establish one approximate 640-acre drilling and spacing unit for the following lands:

Township 7 South, Range 94 West, 6th P.M.
Section 20: All

Garfield County, Colorado ("Application Lands");

allowing 10-acre bottomhole well density therein, for the development of the Williams Fork and Iles Formations. A reference map of the Application Lands is attached as Exhibit A.

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 an operator in good standing with the Commission.
2. The Application Lands consist of approximately 520.00 net acres of federal minerals and 120.00 net fee mineral acres. Applicant holds leasehold interest in the Application Lands.
3. On May 10, 2007, the Commission entered Order 139-73, which among other things, established various 40-acre drilling and spacing units for certain lands, including Section 20, Township 7 South, Range 94 West, and approved the equivalent of one well per 10 acres within each 40-acre unit, for the production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.
4. Pursuant to C.R.S. § 34-60-116, Applicant requests that the Commission vacate the 40-acre drilling and spacing units established under Order 139-73 as they apply to Section 20, Township 7 South, Range 94 West, and in their place, establish one

approximate 640-acre drilling and spacing unit underlying the Application Lands for the development of the Williams Fork and Iles Formations.

5. Applicant states that 10-acre well density was previously established under Order 139-73 and prior orders for the Application Lands and is standard for Williams Fork and Iles Formations development in the area of the Application Lands. Applicant seeks authorization to drill the equivalent of one well per 10 acres for the proposed unit comprising the Application Lands.

6. In accordance with standard unit boundary setbacks in the area, Applicant proposes that the bottom-hole location of the authorized wells be no less than 100 feet from the proposed unit boundaries, except that such setback shall be 200 feet with respect to adjoining and cornering lands for which the Commission, at the time of drilling, has not approved equivalent well density.

7. Applicant states that the Rulison Federal #20-11A (17M) well (API No. 05-045-18781), the Rulison Federal #20-11B (17M) well (API No. 05-045-18780), and the Rulison Federal #20-11C (17M) well (API No. 05-045-18788) (collectively the "Prior Existing Wells") are directional wells producing from the Williams Fork and Iles Formations, are operated by the Applicant and were permitted and drilled under Order No 139-73 in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 7 South, Range 94 West. Applicant requests that 40-acre spacing for the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 7 South, Range 94 West be maintained for the Prior Existing Wells only. Applicant further requests that the Prior Existing Wells be excluded from the proposed 640-acre drilling and spacing unit and that all proceeds from the Prior Existing Wells be unaltered and distributed as they were prior to the establishment of the proposed drilling and spacing unit. Excluding the Prior Existing Wells from the proposed drilling and spacing unit will prevent such unit from diluting the participation rights of the Bureau of Land Management, the sole mineral owner, associated with the Prior Existing Wells.

8. Applicant asserts that vacating the 40-acre drilling and spacing units established under Order 139-73 with respect to the Application Lands, and in their place, establishing one 640-acre drilling and spacing unit, and maintaining 40-acre spacing unit for the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 7 South, Range 94 West for the Prior Existing Wells only and excluding such wells from the proposed unit will allow for more economic and efficient drainage of the Williams Fork and Iles Formations, will prevent waste, will not adversely affect correlative rights, and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Williams Fork and Iles 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 these formations.

9. Pursuant to Rule 507.b.(1), the undersigned certifies that copies of this Application shall be served on each interested party 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 the Commission enter its order:

A. Vacating the 40-acre drilling and spacing units established under Order 139-73 as they apply to Section 20, Township 7 South, Range 94 West;

B. Establishing one approximate 640-acre drilling and spacing unit comprised of the Application Lands for the development of and production from the Williams Fork and Iles Formations;

C. Authorizing up to one well per 10 acres within the unit with the permitted wells to be located no closer than 100 feet from the unit boundary, and no closer than 200 feet from the unit boundaries where 10-acre density drilling has not been allowed at the time of drilling, without exception being granted by the Director;

D. Maintaining 40-acre spacing for the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 20, Township 7 South, Range 94 West for the Prior Existing Wells only established under Order 139-73, excluding the Prior Existing Wells from the proposed drilling and spacing unit and maintaining the distribution of proceeds from the Prior Existing Wells as they were prior to the establishment of the proposed drilling and spacing unit; and

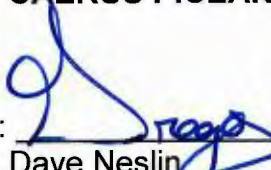
E. For such other findings and orders as the Commission may deem proper or advisable in the matter.

Dated: August 31, 2017.

Respectfully submitted:

CAERUS PICEANCE LLC

By: _____


Dave Neslin
Gregory Nibert, Jr.
Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
(303) 892-9400

Applicant's Address:
Caerus Piceance LLC
ATTN: Jeff Grisham
1001 17th Street, Suite 1600
Denver, CO 80202

VERIFICATION

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

Jeff Grisham, of lawful age, being first duly sworn upon oath, deposes and says that he is a Landman for Caerus Piceance LLC and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.



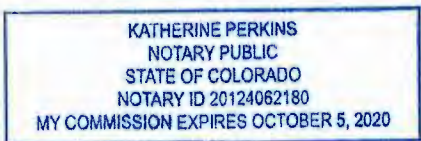
Jeff Grisham - Landman
Caerus Piceance LLC

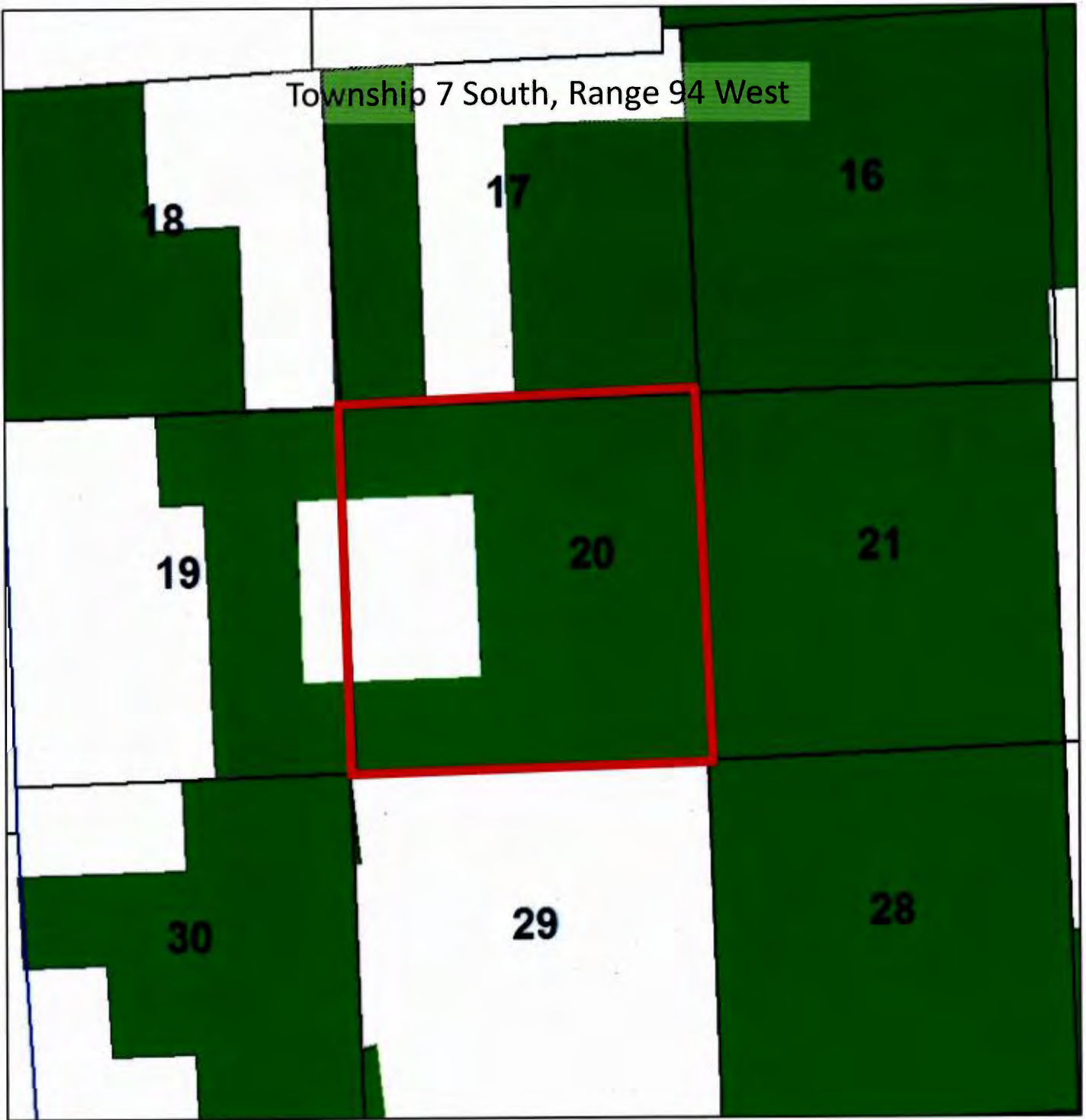
Subscribed and sworn to before me this 31st day of August, 2017.

Witness my hand and official seal.



Notary Public

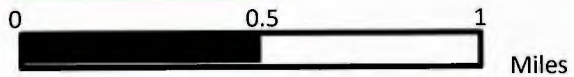




Legend

 Spaced Lands

 Federal Minerals



Spacing Unit Map
Exhibit A
8/31/2017

T7S-R94W, Sec 20: All
640 Acres, more or less