

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

IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER ESTABLISHING AN APPROXIMATE 715.32-ACRE DRILLING AND SPACING UNIT FOR CERTAIN PORTIONS OF SECTION 18, TOWNSHIP 4 NORTH, RANGE 66 WEST, 6TH P.M. AND CERTAIN PORTIONS OF SECTIONS 13 AND 14, TOWNSHIP 4 NORTH, RANGE 67 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO. *To be assigned*

TYPE: SPACING

**APPLICATION**

SRC Energy Inc., Operator No. 10311 ("SRC" 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 ("Commission") for an order establishing an approximate 715.32-acre drilling and spacing unit for certain portions of Section 18, Township 4 North, Range 66 West, 6th P.M. and certain portions of Sections 13 and 14, Township 4 North, Range 67 West, 6th P.M., and authorizing the drilling of up to seven (7) horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. In support of its Application, Applicant states and alleges as follows:

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

Township 4 North, Range 66 West, 6th P.M.  
Section 18: W $\frac{1}{2}$ NW $\frac{1}{4}$

Township 4 North, Range 67 West, 6th P.M.  
Section 13: N $\frac{1}{2}$   
Section 14: N $\frac{1}{2}$

715.32 acres, more or less, Weld County, Colorado.

These lands are hereinafter referred to as the "Application Lands" and depicted in Exhibit A attached hereto.

3. 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 again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A.

4. The online records maintained by the COGCC indicate that numerous vertical and directional wells are currently producing from the Codell and/or Niobrara Formations in the Application Lands, as depicted on Exhibit B attached hereto. Applicant hereby confirms that each of these wells shall remain subject to applicable spacing orders of the Commission, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable spacing orders for these wells. As of the date of this Application, no horizontal wells have been drilled within the proposed unit.

5. Applicant requests the Commission establish the Application Lands as an approximate 715.32-acre drilling and spacing unit for the Codell and Niobrara Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit 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 Codell and Niobrara Formations.

6. Applicant requests it be authorized to drill and complete up to seven (7) horizontal wells in the approximate 715.32-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, 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.

7. Applicant further requests that, for any permitted wells to be drilled under this Application, the treated intervals of the wellbore should be not less than 460 feet from the northern, southern, and eastern boundaries of the proposed unit, and not less than 150 feet from the western boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Codell and Niobrara Formations, without exception being granted by the Director.

9. 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.

10. Applicant states that any horizontal wells to be drilled under this Application will be drilled from two multi-well pads on the surface of the drilling unit, or on adjacent lands with consent of the landowner, unless an exception is granted by the Director.

11. 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.

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.

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. Establishing an approximate 715.32-acre drilling and spacing unit for Application Lands, and authorizing the drilling of up to seven (7) horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the treated intervals of the wellbore of any permitted wells to be located not less than 460 feet from the northern, southern, and eastern boundaries of the proposed unit, and not less than 150 feet from the western boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Codell and Niobrara Formations, without exception being granted by the Director.

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

DATED this 11<sup>th</sup> day of October, 2017.

Respectfully submitted,

**SRC ENERGY INC.**

By: Jobediah J. Rittenhouse  
Jillian Fulcher  
James Parrot  
Jobediah J. Rittenhouse  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16th Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499  
jfulcher@bwenergylaw.com  
jparrot@bwenergylaw.com  
jrittenhouse@bwenergylaw.com

Address of Applicant  
SRC Energy Inc.  
ATTN: Matthew Miller  
1625 Broadway, Suite 300  
Denver, Colorado 80202

VERIFICATION

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

Matthew Miller, Vice-President of Land for SRC Energy Inc., 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.

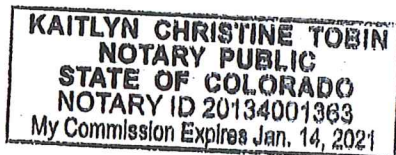
SRC ENERGY INC.

  
Matthew Miller

Subscribed and sworn to before me this 11<sup>th</sup> day of October, 2017,  
by Matthew Miller, Vice-President of Land for SRC Energy Inc.

Witness my hand and official seal.

My commission expires: 1/14/21



  
Notary Public

## Exhibit A

### Reference Map for Spacing Application

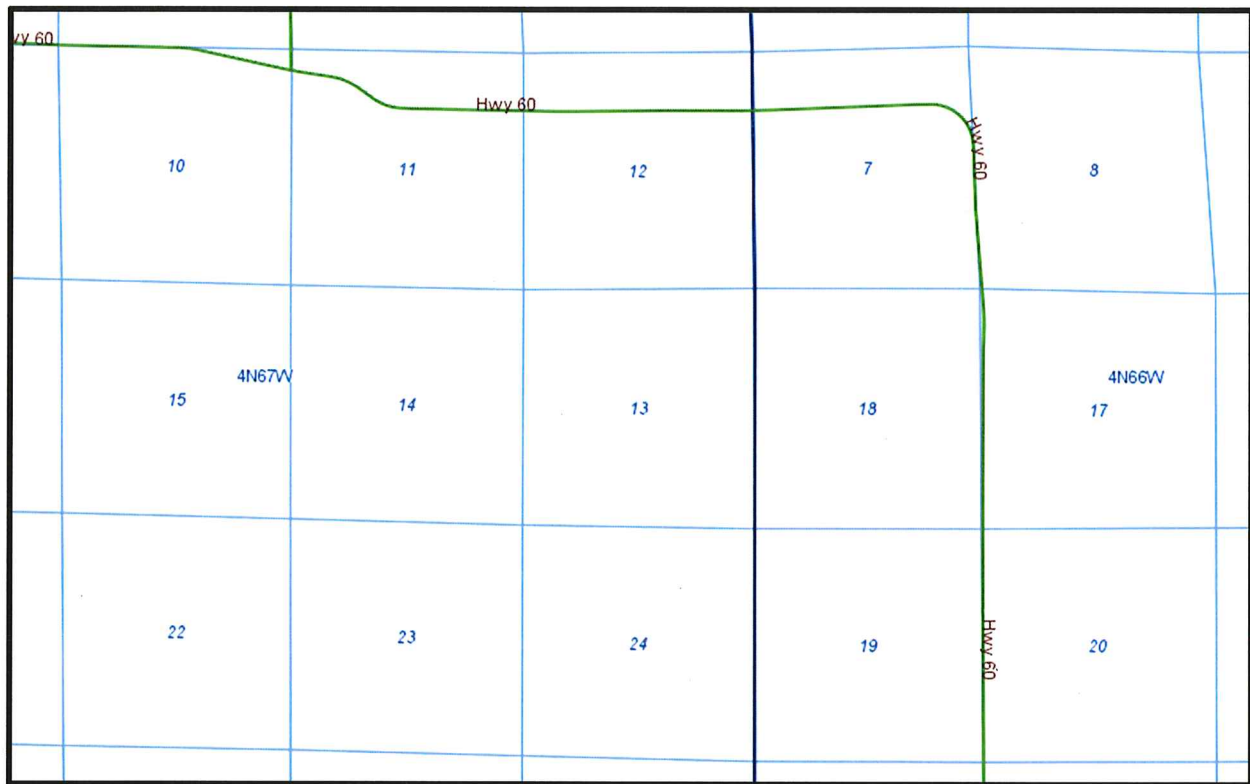
Township 4 North, Range 66 West, 6th P.M.

Section 18:  $W\frac{1}{2}NW\frac{1}{4}$

Township 4 North, Range 67 West, 6th P.M.

Section 13:  $N\frac{1}{2}$

Section 14:  $N\frac{1}{2}$



## EXHIBIT B

### Producing Vertical and Directional Wells

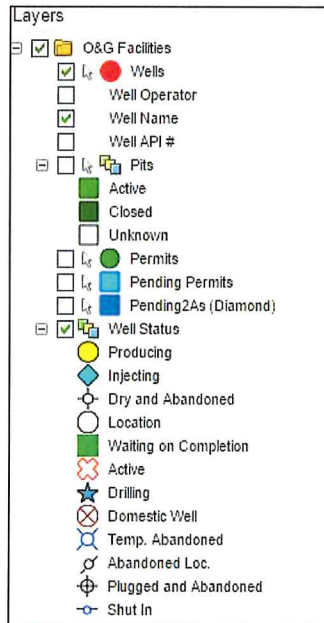
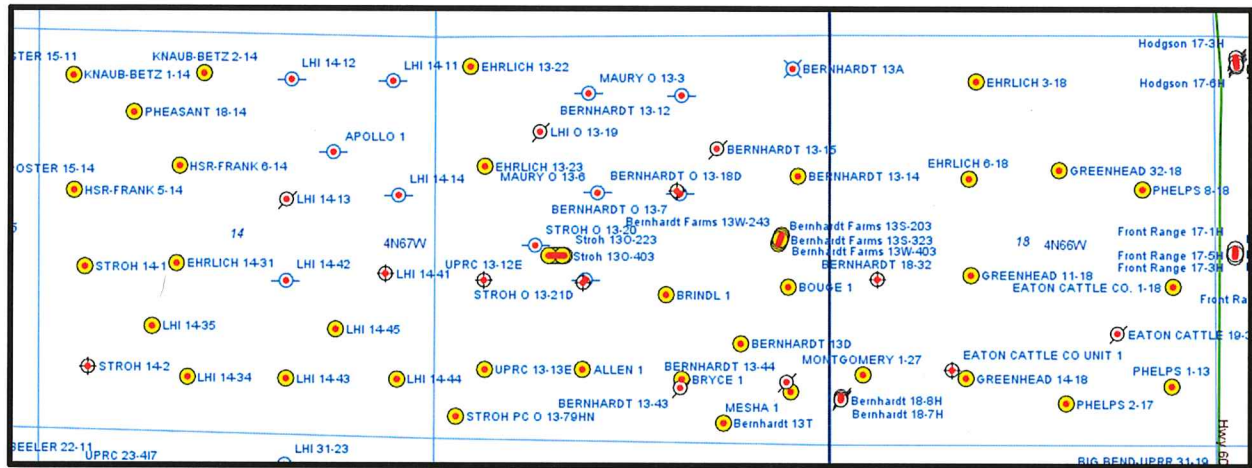
Township 4 North, Range 66 West, 6th P.M.

Section 18:  $W\frac{1}{2}NW\frac{1}{4}$

Township 4 North, Range 67 West, 6th P.M.

Section 13:  $N\frac{1}{2}$

Section 14:  $N\frac{1}{2}$



IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER ESTABLISHING AN APPROXIMATE 715.32-ACRE DRILLING AND SPACING UNIT FOR CERTAIN PORTIONS OF SECTION 18, TOWNSHIP 4 NORTH, RANGE 66 WEST, 6TH P.M. AND CERTAIN PORTIONS OF SECTIONS 13 AND 14, TOWNSHIP 4 NORTH, RANGE 67 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

TYPE: SPACING

**TERESA L. PETERSON**  
**NOTARY PUBLIC**  
**STATE OF COLORADO**  
NOTARY ID 19894002026  
MY COMMISSION EXPIRES OCTOBER 4, 2021

## **EXHIBIT A**

### **INTERESTED PARTIES**

The names and addresses of the interested parties (persons who own any interest in the mineral estate of the tracts to be pooled, except owners of overriding royalty interest) according to the information and belief of the Applicant are set forth in this Exhibit A.

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

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

Noble Energy, Inc.  
1625 Broadway, Suite 2200  
Denver, CO 80202

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

SRC Energy, Inc  
1675 Broadway, Suite 2600  
Denver, CO 80202

Eaton Cattle Company  
21421 Highway 60  
Platteville, CO 80651