

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

IN THE MATTER OF AN APPLICATION BY)
PETROSHARE CORP. FOR AN ORDER TO, AMONG) CAUSE NO. 407
OTHER THINGS, ESTABLISH AN APPROXIMATE)
1,280.00-ACRE DRILLING AND SPACING UNIT) DOCKET NO. _____
COMPRISED OF ALL OF SECTIONS 16 AND 21,)
TOWNSHIP 1 SOUTH, RANGE 65 WEST, 6TH P.M., FOR) TYPE: SPACING
THE CODELL-NIOBRARA FORMATIONS,)
WATTENBERG FIELD, ADAMS COUNTY, COLORADO)

APPLICATION

PetroShare Corp. ("Applicant"), by and through its attorneys, Fox Rothschild LLP, respectfully submits this Application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate 1,280.00-acre drilling and spacing unit comprised of all of Sections 16 and 21, Township 1 South, Range 65 West, 6th P.M., for horizontal well development of the Codell-Niobrara Formations ("Subject Formations"), Wattenberg Field, Adams County, Colorado.

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 is registered as Operator No. 10454 with the Commission.
2. Applicant owns leasehold interests in the below-listed lands ("Application Lands"):

Township 1 South, Range 65 West, 6th P.M.

Section 16: All

Section 21: All

Containing 1,280.00 acres, more or less

3. A map depicting the acreage comprising the Application Lands, which lie within the Greater Wattenberg Area ("GWA") as defined by Commission Rule 318A, is attached hereto and incorporated herein as **Exhibit A**.

4. On April 27, 1998, the Commission adopted Commission 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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. Commission Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA wells. On December 5, 2005, Commission Rule 318A was amended to, among other things, allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Commission Rule 318A was again amended, among other things, to address drilling of horizontal wells. The Application Lands are subject to Commission Rule 318A for the Codell-Niobrara Formations.¹

¹ Commission Rule 318A supersedes Commission Order No. 407-87 dated February 19, 1992, as amended, with respect to the Application Lands.

5. The Commission has issued no other orders concerning the establishment of drilling and spacing units touching and concerning the Application Lands regarding the horizontal well development of the Codell-Niobrara Formations.

6. As of the date of the filing of this Application: (a) no horizontal wells have been drilled on the Application Lands in the Subject Formations; (b) there no vertical wells producing from the Subject Formations on the Application Lands; (c) with the exception of the foregoing, there are no other wells (vertical, directional or horizontal) located on the Application Lands producing from the Subject Formations; and (d) there are pending applications for permit to drill horizontal wells on the Application Lands to the Subject Formations.

7. Applicant requests the establishment of the Application Lands as an approximate 1,280.00-acre drilling and spacing unit for the horizontal well production of Codell-Niobrara Formations oil, gas and associated hydrocarbons, pursuant to Commission Rule 503.b.(1) and C.R.S. § 34-60-116(2) ("Proposed DSU").

8. Applicant requests authorization to drill, complete and operate up to sixteen (16) horizontal wells in the Proposed DSU (collectively, "Wells"), for the production of Codell-Niobrara Formations oil, gas and associated hydrocarbons ("Well Density Request"), pursuant to Commission Rule 503.b.(1).

9. Applicant requests authorization that the productive interval for any of the Wells be located no closer than one hundred fifty feet (150') from the productive interval of any other wellbore located within the Proposed DSU, absent exception being granted by the Director or variance being granted by the Commission ("Interwell Setback Request"), pursuant to Commission Rule 503.b.(1).

10. Applicant requests authorization that the productive interval for any of the Wells be located no closer than four hundred sixty feet (460') from the boundary of the Proposed DSU, absent exception being granted by the Director or variance being granted by the Commission ("Boundary Line Setback Request"), pursuant to Commission Rule 503.b.(1).

11. Applicant states that the Proposed DSU is not smaller than the maximum area that can be economically and efficiently drained by the Wells.

12. Applicant states that its request for the creation of the Proposed DSU, the granting of the Well Density Request, the granting of the Interwell Setback Request, and the granting of the Boundary Line Setback Request, are each necessary and will promote full, economic and efficient resource recovery, minimize surface impacts, create of efficiencies for drilling and production, increase the ultimate recovery of the hydrocarbon reserves from the Application Lands, prevent waste, and protect correlative rights.

13. Applicant states that no interested party will be prejudiced by the granting of the relief sought herein.

14. Applicant notes that a portion of the Application Lands – the N/2, Section 16, Township 1 South, Range 65 West, 6th P.M. ("Overlap Lands") – is also contained within the lands subject to the Amended Application of Verdad Resources LLC ("Verdad Application"), which seeks the establishment of a 1,600.00-acre drilling and spacing unit comprised of the Overlap Lands and all of Sections 4 and 9, Township 1 South, Range 65 West, 6th P.M.

15. The Verdad Application is currently pending before the Commission in Cause No. 407, Docket No. 171000666, for the scheduled December 2017 Commission hearings.

16. Applicant intends to timely file a protest of the Verdad Application pursuant to Commission Rule 509.

17. Applicant states that any horizontal wells to be drilled under this Application will be drilled on the surface of the Proposed DSU, or on adjacent lands with consent of the surface landowner, from one multi-well pad, absent exception being granted by the Director or variance being granted by the Commission.

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

19. The names and addresses of the interested parties (Owners within the Application Lands) are attached hereto and incorporated herein as **Exhibit B**.

20. Applicant shall submit a certificate of service for this Application within seven (7) days pursuant to Commission Rules 503.e, 507.

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 the Application Lands as an approximate 1,280.00-acre drilling and spacing unit for the horizontal well production of Codell-Niobrara Formations oil, gas and associated hydrocarbons;

B. Authorizing the drilling, completion and operation of up to sixteen (16) horizontal wells in the drilling and spacing unit so established, for the production of Codell-Niobrara Formations oil, gas and associated hydrocarbons;

C. Authorizing that the productive interval for any of the horizontal wells in the drilling and spacing unit so established be located no closer than one hundred fifty feet (150') from the productive interval of any other wellbore located within the same, absent exception being granted by the Director or variance being granted by the Commission;

D. Authorizing that the productive interval for any of the horizontal wells in the drilling and spacing unit so established be located no closer than four hundred sixty feet (460') from the boundary of the same, absent exception being granted by the Director or variance being granted by the Commission; and

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

Respectfully dated and submitted this 12th day of October, 2017.

By: 
Brent D. Chicken (Colorado Bar No. 36217)
Melissa J. Lyon (Colorado Bar No. 45791)
Fox Rothschild LLP
Attorneys for Applicant
1225 17th Street, Suite 2200
Denver, CO 80202
303.446.3844

Applicant:
PetroShare Corp.
Attn: William R. Givan
9635 Maroon Circle, Suite 400
Englewood, CO 80112-5927
303.500.1168
bgivan@PetroSharecorp.com

Local Governmental Designee:
Christopher LaMere
4300 South Adams County Pkwy.
Brighton, CO 80601-8218
720.523.6891
Clamere@adcogov.org

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)


Brian H. Wert, Senior Landman, PetroShare Corp., 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.

PETROSHARE CORP.



Brian H. Wert
Senior Landman

Acknowledged, subscribed and sworn to before me this 1st day of October, 2017 by Brian H. Wert, Senior Landman of PetroShare Corp.



Print Name: _____
Notary Public
State of Colorado
My commission expires: _____

SEAL

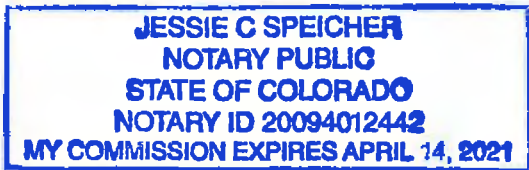


EXHIBIT A

PROPOSED DSU MAP

Township 1 South, Range 65 West, 6th P.M.

Section 16: All

Section 21: All

Containing 1,280.00 acres, more or less

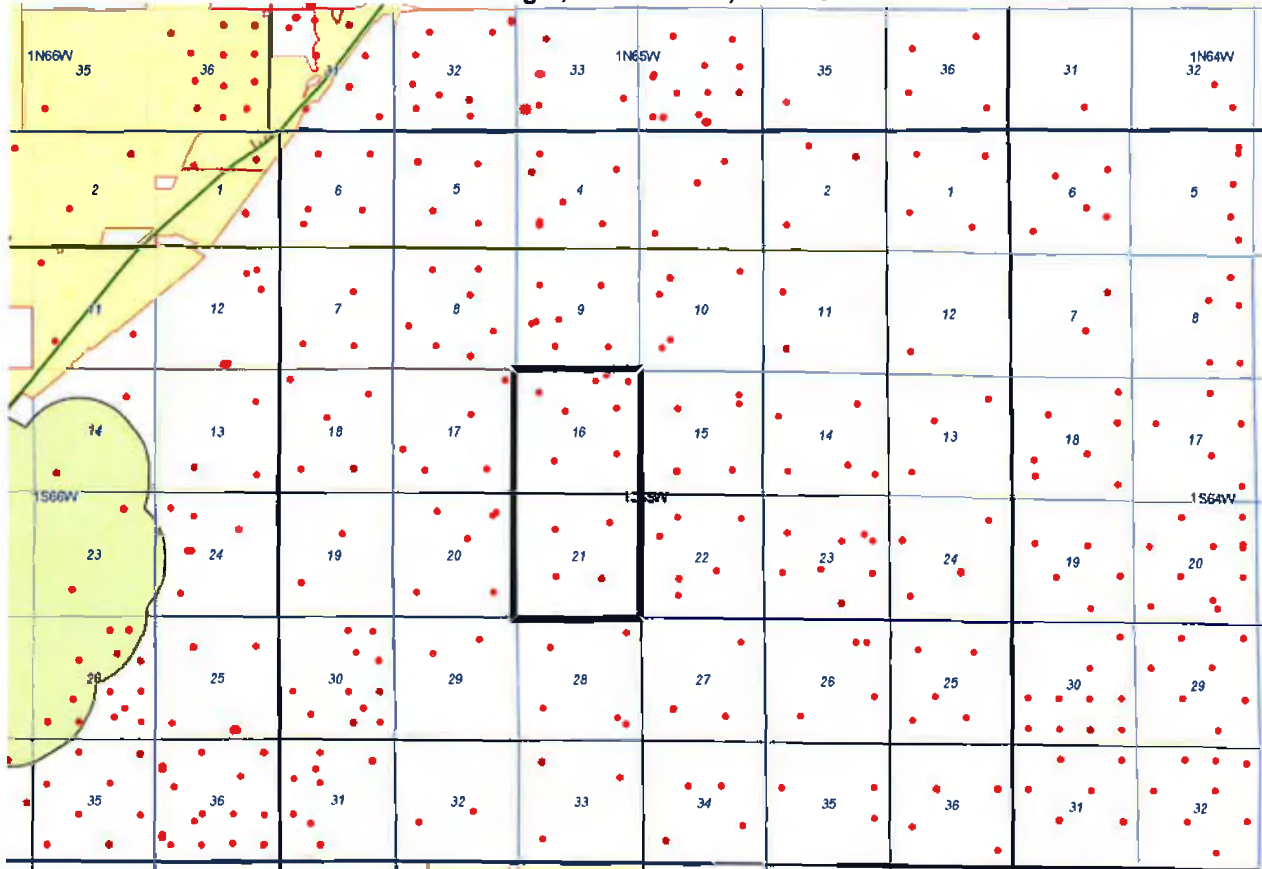


EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties (Owners within all of Sections 16 and 21, Township 1 South, Range 65 West, 6th P.M.), according to the information and belief of the Applicant, are set forth in this **Exhibit B**.

Christopher LaMere 4300 South Adams County Pkwy. Brighton, CO 80601-8218	Anadarko Petroleum Corporation/Kerr-McGee Oil & Gas Onshore LP 1099 18th Street, Suite 1800 Denver, CO 80202
Verdad Resources LLC 5950 Cedar Springs Road Dallas, TX 75235	

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WATTENBERG FIELD, ADAMS COUNTY, COLORADO)

CERTIFICATE OF SERVICE

Melissa J. Lyon, of lawful age, and being first duly sworn upon her oath, states and declares that she is the attorney for PetroShare Corp. in the above-captioned matter, and that on October 17th 2017, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B to the Application.

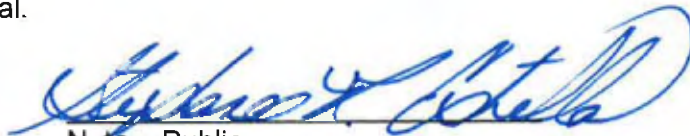


Melissa J. Lyon

Subscribed and sworn to before me on the 17th day of October, 2017.

Witness my hand and official seal.

STEPHANEE R ESTRELLA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19944019564
MY COMMISSION EXPIRES 12/07/2018



Notary Public

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WATTENBERG FIELD, ADAMS COUNTY, COLORADO)

SUPPLEMENTAL CERTIFICATE OF SERVICE

Melissa J. Lyon, of lawful age, and being first duly sworn upon her oath, states and declares that she is the attorney for Petroshare Corp. ("PetroShare") with respect to the above-captioned matter, and that on November 3, 2017, she filed a Certificate of Service with the Colorado Oil and Gas Conservation Commission ("Commission") indicating that a copy of PetroShare's Application in the above-captioned matter had been deposited in the United States Mail, postage prepaid, addressed to the parties identified in Exhibit "B" to such Application.

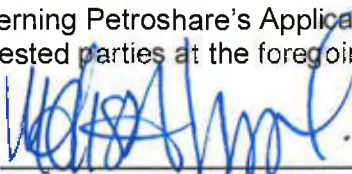
Subsequent to the foregoing, the undersigned was then advised that Petroshare had located (or had been provided with) additional interested parties.

Accordingly, on November 8, 2017, the undersigned caused a true and complete copy of Petroshare's Application and Notice of Hearing in the above-captioned matter to be sent to the foregoing parties at the following corrected addresses:

iMinerals, LLC
5 Inverness Drive East
Englewood, CO 80112

BHL Investor
P.O. Box 2479
Pampa, 79066

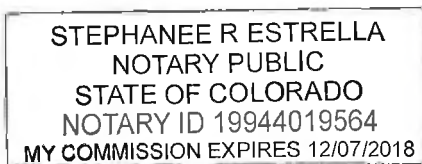
All further correspondence and notices concerning Petroshare's Application in the above-captioned matter shall be sent to the foregoing interested parties at the foregoing addresses.



Melissa J. Lyon

Subscribed and sworn to before me on the 8th day of November, 2017.

Witness my hand and official seal.





Notary Public