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

IN THE MATTER OF THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN ORDER TO POOL ALL INTERESTS IN FOUR (4) WELLS IN AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT IN SECTIONS 2 AND 3, TOWNSHIP 4 SOUTH, RANGE 64 WEST, 6TH P.M., IN THE NIOBRARA FORMATION, UNNAMED FIELD, ARAPAHOE COUNTY, COLORADO

CAUSE NO. 535

DOCKET NO. 171200

TYPE: POOLING

APPLICATION

COMES NOW ConocoPhillips Company (Operator No. 19160), including its wholly owned subsidiary Burlington Resources Oil & Gas LP (Operator No. 26580) (together, "COPC" or "Applicant"), by its attorneys, Jost Energy Law, P.C., and makes this application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to pool all interests within an approximate 1,280-acre drilling and spacing unit established for Sections 2 and 3, Township 4 South, Range 64 West, 6th P.M., and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the Arkansas 4-64 2-3 3AH Well, the Arkansas 4-64 2-3 3DH Well (API Nos. Pending) ("Wells"), for the development and operation of the Niobrara Formation on the below-described lands:

Township 4 South, Range 64 West, 6th P.M.

Section 2: All

Section 3: All

1,280 acres, more or less, Arapahoe County, Colorado

Hereinafter "Application Lands."

In support thereof, COPC states and alleges as follows:

- 1. COPC is a Delaware corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
- 2. COPC and/or its subsidiary company Burlington Resources Oil & Gas Company LP are Owners as defined by the Colorado Oil and Gas Conservation Act and the Commission's 100 Series Rules and own certain leasehold interests or the right to operate leasehold interests in the Application Lands.

- 3. On December 12, 2011, the Commission entered Order No. 535-100, which granted a well location exception to the requirements of Commission Rule 318.a., with the lateral of a horizontal well to enter the Niobrara Formation no closer than 300 feet from the section line; allowed for the treated interval within the Niobrara Formation to be located not closer than 460 feet from the section line; and allowed for the distance between the treated interval of Niobrara wells to be not less than 920 feet, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.
- 4. On January 7, 2013 (Amended March 25, 2013), the Commission entered Order No. 535-246 which, among other things, established an approximate 640-acre drilling and spacing unit, and approved up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Section 2, Township 4 South, Range 64 West, 6th P.M. is subject to this Order for the Niobrara Formation.
- 5. On July 29, 2013, the Commission entered Order No. 535-395 which pooled all interests in an approximate 640-acre drilling and spacing unit and subjected all nonconsenting interests to the cost recovery penalties in Section 34-60-116(7), C.R.S., to accommodate the drilling of the Cline 4-64 2-3 1H Well (API No. 05-005-07212), for the development and operation of the Niobrara Formation.
- 6. On April 28, 2014 (Corrected on June 24, 2014), the Commission entered Order No. 535-477 which among other things, established an approximate 640-acre exploratory drilling and spacing unit for Section 3, Township 4 South, Range 64 West, 6th P.M., and approved up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbores to be located no closer than 460 feet from the unit boundaries, and no closer than 960 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director.
- 7. On October 11, 2017, Applicant filed a verified Concurrent Spacing Application in Docket No. 171200817 pursuant to §34-60-116, C.R.S. for an order to establish an approximate 1,280-acre drilling and spacing unit for Sections 2 and 3, Township 4 South, Range 64 West, 6th P.M., and approve up to four new horizontal wells in the unit, for the production of oil, gas and associated hydrocarbons within the unit, with the productive interval of any horizontal well to be located be no closer than 460 feet from the boundaries of the unit and not less than 150 feet from the productive interval of another well within the unit, and authorizing up to two new well pads in the unit, or adjacent thereto, unless an exception is granted by the Director.
- 8. COPC, pursuant to Commission Rule 530 and/or the provisions of C.R.S. §34-60-116(6) and (7), hereby requests an order to pool all interests in the approximate 1,280-acre drilling and spacing unit established by the pending order in Docket No. 171200817 for the Application Lands, for the development and operation of the Wells in the Niobrara Formation, and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., effective as of the earlier of the date of this Application,

or the date that the costs specified in C.R.S. § 34-60-116(7)(b) are first incurred for the drilling of the Wells for the development and operation of the Niobrara Formation.

- 9. COPC certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 503.e., and that at least thirty-five (35) days prior to the hearing on this matter, each such interest owner not already leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the Wells, and will be provided with the information required by Rule 530 as applicable.
- 10. In order to allow for more efficient reservoir drainage, prevent waste, assure a greater ultimate recovery of hydrocarbons, and to correlative rights, all interests in the 1,280-acre drilling and spacing unit should be pooled for the orderly development and operation of the Wells in the Niobrara Formation, including any non-consenting interests therein.

WHEREFORE, COPC requests that this matter be set for hearing on December 12, 2017, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

- A. Pooling all interests in an approximate 1,280-acre drilling and spacing unit established for the Application Lands for the development and operation of the Niobrara Formation, effective as of the earlier of the date of the Application, or the date that any of the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of the Arkansas 4-64 2-3 3AH Well, the Arkansas 4-64 2-3 3BH Well, the Arkansas 4-64 2-3 3CH Well, and the Arkansas 4-64 2-3 3DH Well (API Nos. Pending) ("Wells").
- B. Providing that the production obtained from the Wells shall be allocated to each owner in the unit on the basis of the proportion that the number of acres in such tract bears to the total number of mineral acres within the drilling and spacing unit; each owner of an interest in the drilling and spacing unit shall be entitled to receive its share of the production of the Wells applicable to its interest in the drilling and spacing unit.
- C. Providing that any working interest owner who does not elect to participate in the Wells or fails to make a timely election is hereby deemed to be nonconsenting and is subject to the penalties as provided for in §34-60-116(7), C.R.S. The nonconsenting working interest owner must reimburse the consenting owners for his proportionate share of the costs and risks of drilling and operating the Wells from his proportionate share of production, subject to non-cost bearing interests, until costs and penalties are recovered as set forth in §34-60-116(7), C.R.S.
- D. Providing that any unleased owner who does not elect to participate in the Well(s) or fails to make a timely election is hereby deemed to be nonconsenting and is subject to the penalties as provided for in §34-60-116(7), C.R.S.

- E. Providing that each nonconsenting unleased owner within the drilling and spacing unit shall be treated as the owner of the landowner's royalty to the extent of 12.5% of its record title interest, whatever that interest may be, until such time as the consenting owners recover, only out of each nonconsenting owner's proportionate 87.5% share of production, the costs specified in §34-60-116(7)(b), C.R.S., as amended. After recovery of such costs, each unleased nonconsenting mineral owner shall then own its proportionate 8/8ths share of the Wells, surface facilities and production, and then be liable for its proportionate share of further costs incurred in connection with the Wells as if it had originally agreed to the drilling.
- F. Providing that the operator of the Wells drilled on the above-described drilling and spacing unit shall furnish the nonconsenting owners with a monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month.
- G. For such other findings and orders as the Commission may deem proper or advisable in this matter.

Dated: October 12, 2017.

Respectfully submitted:

CONOCOPHILLIPS COMPANY

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

COPC's Address:

ConocoPhillips Company

Attn: Mark Salvie

600 N. Dairy Ashford Road Houston, TX 77079-1069

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

Mark Salvie, of lawful age, being first duly sworn upon oath, deposes and says that he is a Senior Landman for ConocoPhillips Company, 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.

Mark Salvie

Senior Landman

ConocoPhillips Company

Subscribed and sworn to before me this the day of October, 2017.

Witness my hand and official seal.

[SEAL]

KATHA VALIGURA

Notary Public, State of Texas

Comm. Expires 07-11-2018

Notary ID 1208603-9

My commission expires: 2-11-2018

Notary Public

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

IN THE MATTER OF THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN ORDER TO POOL ALL INTERESTS IN FOUR (4) WELLS IN AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT IN SECTIONS 2 AND 3, TOWNSHIP 4 SOUTH, RANGE 64 WEST, 6TH P.M., IN THE NIOBRARA FORMATION, UNNAMED FIELD, ARAPAHOE COUNTY, COLORADO

CAUSE NO. 535

DOCKET NO.

TYPE: POOLING

AFFIDAVIT OF MAILING

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

The undersigned, of lawful age, and being first duly sworn upon my oath, state and declare that I am the attorney for ConocoPhillips Company, and that on or before the 18th day of October, 2017, I caused a copy of the Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to this Affidavit.

Jamie L. Jost

Kelsey H. Wasylenky

Subscribed and sworn to before me this 12th day of October, 2017.

Witness my hand and official seal.

[SEAL]

KERRY LEBLEU NOTARY PUBLIC STATE OF COLORADO NOTARY ID 19934018734 MY COMMISSION EXPIRES JULY 24, 2021

Notary Public

EXHIBIT A FP-Arkansas 4-64 3-2

Bison Exploration, LLC P.O. Box 1168 Denver, CO 80201

Burlington Resources Oil & Gas Company LP 600 N. Dairy Ashford Rd. Houston, TX 77079

ConocoPhillips Company 600 N. Dairy Ashford Rd. Houston, TX 77079

OOGC America, Inc. 945 Bunker Hill #1000 Houston, TX 77024

United States of America 2850 Youngfield St. Lakewood, CO 80215

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

IN THE MATTER OF THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN ORDER TO POOL ALL INTERESTS IN FOUR (4) WELLS IN AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT IN SECTIONS 2 AND 3, TOWNSHIP 4 SOUTH, RANGE 64 WEST, 6TH P.M., IN THE NIOBRARA FORMATION, UNNAMED FIELD, ARAPAHOE COUNTY, COLORADO

CAUSE NO. 535

DOCKET NO. 171200830

TYPE: POOLING

SUPPLEMENTAL AFFIDAVIT OF MAILING

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

The undersigned, of lawful age and being first duly sworn upon my oath, state and declare that I am the attorney for ConocoPhillips Company, and that on or before the 27th day of October, 2017, I caused a copy of the Application to be deposited in the United States Mail, postage prepaid addressed to the parties listed on Exhibit A to this Affidavit.

Jamie L. Jost

Kelsey H. Wasylenky

Subscribed and sworn to before me this 26% day of October, 2017.

Witness my hand and official seal.

[SEAL]

Notary Public

KERRY LEBLEU NOTARY PUBLIC STATE OF COLORADO NOTARY ID 19934018734 MY COMMISSION EXPIRES JULY 24, 2021

EXHIBIT A COPC – FP – Arkansas 4-64 3-2

Aleta Gibson 10529 Royal Porthcawl Dr., Naperville, IL60564

LPD Energy LLC 15585 Timberside Ct., Colorado Springs, CO80921

Prelude Petroleum LLC P.O. Box 8806, Denver, CO80201

Anadarko E&P Onshore LLC Attn: Manager/Land Administrator P.O. Box 173779, Denver, CO80217-3779

Betty N. Langhauser 40 Sunshine Court, #3 Durango, CO81301

David R. Helma 3331 S. Telluride St., Aurora, CO80013

Douglas F. Cline 7070 S. Uinta St., Centennial, CO80112

Georgina Cline 7070 S. Uinta St., Centennial, CO80112

Janet K. Dura 2622 Mossman Dr., Farmington, NM87401

Linda G. Akins 589 E. Pioneer Dr., Durango, CO81301

Christopher & Courtney Chandler 419 Wandering Trail, Franklin, TN37067

LXA Investments LLC 7810 Ella Lee Ln., Houston, TX77063

William McMurtrie 1078 Bethel Rd., Attica, IN47918

Anadarko Land Corporation Attn: John Hasche 1099 18th St., Suite 1800 Denver, CO80202

Cash Now LLC c/o Rodney Voss 6917 S. Bryant St., Littleton, CO80120

Donald J. Helma 19750 E. Flora Pl., Aurora, CO80013

Douglas F. Cline Estate, David Michael Cline PR 7070 S. Uinta St., Centennial, CO80112

J. Scott Helma 10 S. Briar Hollow Ln., Unit 27 Houston, TX77027

Kurt & Kreszenz Jaensch Trust 1742 Washington St., Algonac, MI48001

Marilyn J. Cloud 2886 W. Long Circle, Apt. B Littleton, CO80120

Cobalt Oil & Gas LLC P.O. Box 8806, Denver, CO80201

Neal J. and Angie C. Stephens 19 El Prado Pl., Santa Barbara, CA93105 Anadarko E&P Onshore LLC Attn: John Hasche 1099 18th St., Suite 1800 Denver, CO80202

Anadarko Land Corporation Attn: Manager/Land Administrator P.O. Box 173779, Denver, CO80217-3779

Colorado Department of Transportation 4201 E. Arkansas Ave., Denver, CO80222

Donald Pierini & Melina Brew 2617 S. Madison St., Denver, CO80210

Gary G. Bryan & Jodette M. Bryan 39801 E. CR 6, Bennett, CO80102-8759

James Williams Martin Klein & Florence Jane Klein 1025 Alkire St., Golden, CO80401

Laurie K. Helma 752 Club Circle, Louisville, CO80027

Nancy J. Horst 2971 Juniper Ave., Central Point, OR97502

Phillip N. Faulkner & Patricia L. Faulkner 9200 Cherry Creek S. Dr., Apt. 29 Denver, CO80231-4018

Terry Edward Olson & Gail Darlene Olson 7323 S. Vance St., Littleton, CO80128

Whitetail Minerals LLC 999 18th St., Suite 3370 Denver, CO80202

Shirley Butler 1078 Bethel Rd., Attica, IN47918 Velma Van Leer P.O. Box 1062, Gresham, OR97030

Yvonne G. Webster 308 S. Manila Rd., Bennett, CO80102

SW Manila LLC 905 W. 124th Ave., Suite 200 Westminster, CO80234

Webster Living Trust dated 4-26-94 308 S. Manila Rd., Bennett, CO80102