

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

IN THE MATTER OF THE APPLICATION OF CUB CREEK)	
ENERGY, LLC, FOR AN ORDER ESTABLISHING AN)	CAUSE NO. 407
APPROXIMATE 1,280-ACRE DRILLING AND SPACING)	
UNIT FOR SECTIONS 29 & 32, TOWNSHIP 3 NORTH,)	DOCKET NO. <i>To be assigned</i>
RANGE 68 WEST, 6 TH P.M., AND AUTHORIZING THE)	
DRILLING OF TWENTY HORIZONTAL WELLS WITHIN)	TYPE: Spacing
SAID UNIT, FOR PRODUCTION FROM THE CODELL-)	
NIORARA FORMATION, WATTENBERG FIELD, WELD)	
COUNTY, COLORADO)	

APPLICATION

Cub Creek Energy, LLC (“Cub Creek” or “Applicant”), Operator #10542, by and through its attorneys, The Shanor Group LLC, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (“Commission” or “COGCC”) for an order: (1) vacating Order No. 407-1958, which established an approximate 640-acre drilling and spacing unit for Section 32, Township 3 North, Range 68 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, and (2) establishing an approximate 1,280-acre drilling and spacing unit for Sections 29 and 32, Township 3 North, Range 68 West, 6th P.M., and authorizing the drilling of twenty (20) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. 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 COGCC.
2. Applicant owns substantial leasehold interests in the below-listed lands (“Application Lands”):

Township 3 North, Range 68 West, 6th P.M.
Section 29: All
Section 32: All

The Application Lands comprise 1,280 acres, more or less, and are depicted on the Application Map, Exhibit A, attached hereto.

3. On December 19, 1983, the Commission issued Order No. 407-1 (amended March 29, 2000) which, among other things, established 80-acre drilling and spacing units for production of oil, gas and associated hydrocarbons from the Codell Formation, with the unit to be designated by the operator drilling the first well in the quarter section. The permitted well shall be located in the center of either 40-acre tract within the unit with a tolerance of 200 feet in any direction. The operator shall have the option to drill an additional well on the undrilled 40-acre tract in each 80-acre drilling and spacing unit. The Application Lands are subject to this Order for the Codell Formation.

4. On February 19, 1992, the Commission issued Order No. 407-87 (amended August 20, 1993) which, among other things, established 80-acre drilling and spacing units for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the 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.

5. 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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A. supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A. was amended, among other things, 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, among other things, to address drilling of horizontal wells. The Application Lands are subject to Rule 318A for the Codell and Niobrara Formations.

Vacating the approximate 640-acre drilling and spacing unit established for Section 32, Township 3 North, Range 68 West, 6th P.M., for production from the Codell and Niobrara Formations

6. On May 1, 2017, the Commission issued Order No. 407-1958 which, among other things, established an approximate 640-acre drilling and spacing unit for the Application Lands, and authorized the drilling of 20 horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations (with 14 wells for the Niobrara Formation and 6 wells from the Codell Formation).

7. Applicant herein seeks to establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. There has been no development of either the Codell and Niobrara Formations under Order No. 407-1958, which authorizes the drilling of up to twenty horizontal wells within the approximate 1,280-acre drilling and spacing unit established for Section 32, Township 3 North, Range 68 West, 6th P.M. Future development of said Section 32 under Order No. 407-1958 would conflict with Applicant's plan to establish the approximate 1,280-acre drilling and spacing unit for the Application Lands, with authority to twenty horizontal wells within the planned unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

8. Accordingly, Applicant herein requests Order No. 407-1958, which established an approximate 640-acre drilling and spacing unit for Section 32, Township 3 North, Range 68 West, 6th P.M., with authority to drill twenty horizontal wells within the unit, be vacated, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. Vacating Order No. 407-1958, which established an approximate 640-acre drilling and spacing unit for said Section 32, will lead to the efficient and economic development of the resource underlying the Application Lands and prevent waste, while protecting correlative rights.