

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 POOLING ALL)	CAUSE NO. 407
INTERESTS WITHIN THE APPROXIMATE 1,280-ACRE)	
DRILLING AND SPACING UNIT TO BE ESTABLISHED)	DOCKET NO. <i>To be assigned</i>
FOR SECTIONS 29 & 32, TOWNSHIP 3 NORTH, RANGE)	
68 WEST, 6 TH P.M., FOR DEVELOPMENT AND)	TYPE: Pooling
OPERATION OF THE CODELL-NIOBRARA FORMATION,)	
AND AUTHORIZING COST RECOVERY AND RISK)	
PENALTIES FROM CERTAIN NONCONSENTING)	
OWNERS FOR CERTAIN PLANNED HORIZONTAL)	
WELLS TO BE DRILLED WITHIN THE UNIT,)	
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 pooling all interests within the approximate 1,280-acre drilling and spacing unit to be established by separate application for Sections 29 and 32, Township 3 North, Range 68 West, 6th P.M., for development and operation of the Codell-Niobrara Formation, and authorizing statutory cost recovery and risk penalties from certain nonconsenting owners for certain planned horizontal wells to be constructed within said unit. In support of this Application (“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 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

An Application Map depicting the Application Lands is attached hereto and marked Exhibit A.

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.

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. By separate application, Applicant 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, and seeks the establishment of an approximate 1,280-acre drilling and spacing unit for the Application Lands, and the authority to drill 20 horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

8. Acting pursuant to relevant provisions of §34-60-116(6), C.R.S., Applicant seeks an order pooling all interests in the approximate 1,280-acre drilling and spacing unit established for the Application Lands, where 20 horizontal wells are authorized for the unit (with 14 wells for the Niobrara Formation and 6 wells for the Codell Formation), for the development and operation of the Codell and Niobrara Formations.

9. Rule 530. provides that an application for involuntary pooling may be filed at any time prior or after the drilling of a well, with any pooling order retroactive to the date the Application is filed with the Commission unless the payor agrees otherwise. For the approximate 1,280-acre drilling and spacing unit to be established for the Application Lands, Cub Creek will submit Applications for Permit-to-Drill for certain horizontal wells which may be authorized by the separate spacing application.

10. Cub Creek will provide Rule 530. well proposal materials to putative nonconsenting owners within the approximate 1,280-acre drilling and spacing unit to be established for the Application