

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

IN THE MATTER OF THE APPLICATION OF
CRESTONE PEAK RESOURCES OPERATING
LLC FOR AN ORDER TO ESTABLISH AN
APPROXIMATE 640-ACRE DRILLING AND
SPACING UNIT FOR SECTION 4, TOWNSHIP 1
NORTH, RANGE 65 WEST 6TH P.M., FOR THE
PRODUCTION OF OIL, GAS AND
ASSOCIATED HYDROCARBONS FROM THE
CODELL AND NIOBRARA FORMATIONS,
WATTENBERG FIELD, WELD COUNTY,
COLORADO

CAUSE NO. 407

DOCKET NO. 171200____

TYPE: SPACING

APPLICATION

COMES NOW Crestone Peak Resources Operating LLC (Operator No. 10633) ("Applicant"), by and through its undersigned attorneys, and respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to establish an approximate 640-acre drilling and spacing unit for Section 4, Township 1 North, Range 65 West, 6th P.M., Weld County, Colorado, and to approve up to seventeen (17) horizontal wells within the approximate 640-acre drilling and spacing unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
2. Applicant owns leasehold interests or holds the right to operate on the following lands (hereafter "Application Lands"):

Township 1 North, Range 65 West, 6th P.M.
Section 4: All

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

A reference map of the Application Lands is attached hereto.

3. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Area, Special Well Location, Spacing and Unit Designation Rule. The Application Lands are subject to Rule 318A for the Niobrara and Codell Formations.

4. On December 12, 1983, the Commission entered Order No. 407-1, which established 80-acre drilling and spacing units for the production of oil and/or gas and associated hydrocarbons from the Codell formation. Wells shall be located in the center of the 40-acre tract or quarter-quarter section with a tolerance of 200 feet in any direction. In Order Nos. 407-10 and 407-13, the Commission amended Order No. 407-1 to include production from the Niobrara formation in certain lands and to allow the downhole commingling of production from the Codell and Niobrara Formations.

5. On April 16, 1991, the Commission entered Order No. 407-66, which established J-Sand, Codell and Niobrara Formations as common source of supply. The Application Lands are subject to this Order for the Codell and Niobrara Formations.

6. On February 19, 1992 (Amended August 20, 1993), the Commission entered Order No. 407-87 which, among other things, established 80-acre drilling and spacing units for vertical and/or directional wells for the production of oil and/or gas from the Codell-Niobrara Formations. The Application Lands are subject to Order No. 407-87 as it applies to the existing vertical and/or directional well development and operation of the Codell and Niobrara Formations on the Application Lands.

7. The Commission records reflect that there are four horizontal wells and one directional well producing from the Codell and/or Niobrara Formations on the Application Lands: Stelling 3A-4H Well (API No. 05-123-34764), Stelling 3B-4H Well (API No. 05-123-35413), Chavez 4B-4H Well (API No. 05-123-35474), and Chavez 4A-4H Well (API No. 05-123-35476) and Olin 41-4 well (API No. 05-123-20925). The wells are all operated by the Applicant. Applicant respectfully requests that such existing wells be excluded from the proposed 640-acre drilling and spacing unit and remain subject to each respective drilling and spacing unit or designated wellbore spacing unit, and allocation of production of proceeds, established by the Commission.

8. To promote efficient drainage within the Codell and Niobrara Formations of the Application Lands, to protect correlative rights, to avoid waste, and to minimize surface impacts, the Commission should establish an approximate 640-acre drilling and spacing unit for Section 4, Township 1 North, Range 65 West, 6th P.M., Weld County, Colorado for the efficient and economic development and operation of the Codell and Niobrara Formations.

9. The above-proposed drilling and spacing unit will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights, will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs and will reduce surface impact to the Application Lands. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in the unit.

10. Applicant maintains that there will be no more than three (3) well pads in the proposed 640-acre drilling and spacing unit, or adjacent thereto, unless an exception is granted by the Director.

11. The productive interval of each proposed horizontal well shall be no closer than 460 feet from the boundaries of the unit (regardless of lease lines within the unit), and all horizontal wells shall be no closer than 150 feet from the productive interval of another well producing from the same supply within the unit, unless an exception is granted by the Director.

12. Applicant is requesting to drill and complete up to seventeen (17) horizontal wells in the proposed approximate 640-acre drilling and spacing unit for the efficient and economic development of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands.

13. 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 in December 2017, that notice be given as required by law, and that upon such hearing, the Commission enter its order to:

A. Establish an approximate 640-acre drilling and spacing unit for Section 4, Township 1 North, Range 65 West, 6th P.M., Weld County, Colorado, and approve up to seventeen (17) horizontal wells within the approximate 640-acre drilling and spacing unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations in the unit.

B. Provide that the productive interval of any horizontal well shall be no closer than 460 feet from the unit boundaries, and not less than 150 feet from the productive interval of another well within the unit, unless an exception is granted by the Director.

C. Authorize up to three (3) well pads within the unit, subject to Rule 318A or adjacent thereto, unless an exception is granted by the Director.

D. Finding that the approximate 640-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations in the Application Lands.

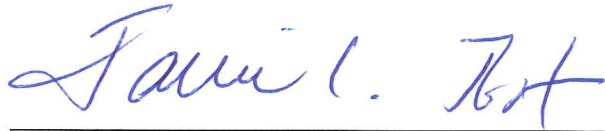
E. For such other findings and orders as the Commission may deem proper or advisable in this matter.

DATED October 12, 2017

Respectfully submitted:

CRESTONE PEAK RESOURCES OPERATING LLC

By:



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Kelsey Wasylenky
Jost Energy Law, P.C.
Attorneys for Applicant
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Applicant's Address:

Crestone Peak Resources Operating LLC
ATTN: Shea Kauffman
1801 California Street, Suite 2500
Denver, Colorado 80202

VERIFICATION

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

Shea Kauffman of lawful age, being first duly sworn upon oath, deposes and says that she is Land Manager for Crestone Peak Resources Operating LLC and that she has read the foregoing Application and that the matters therein contained are true to the best of her knowledge, information and belief.

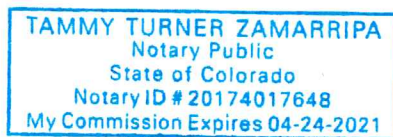


Name: Shea Kauffman
Title: Land Manager and Attorney-In-Fact
Crestone Peak Resources Operating LLC


Subscribed and sworn to before me this 11th day of ~~July~~, 2017.
October

Witness my hand and official seal.

[SEAL]

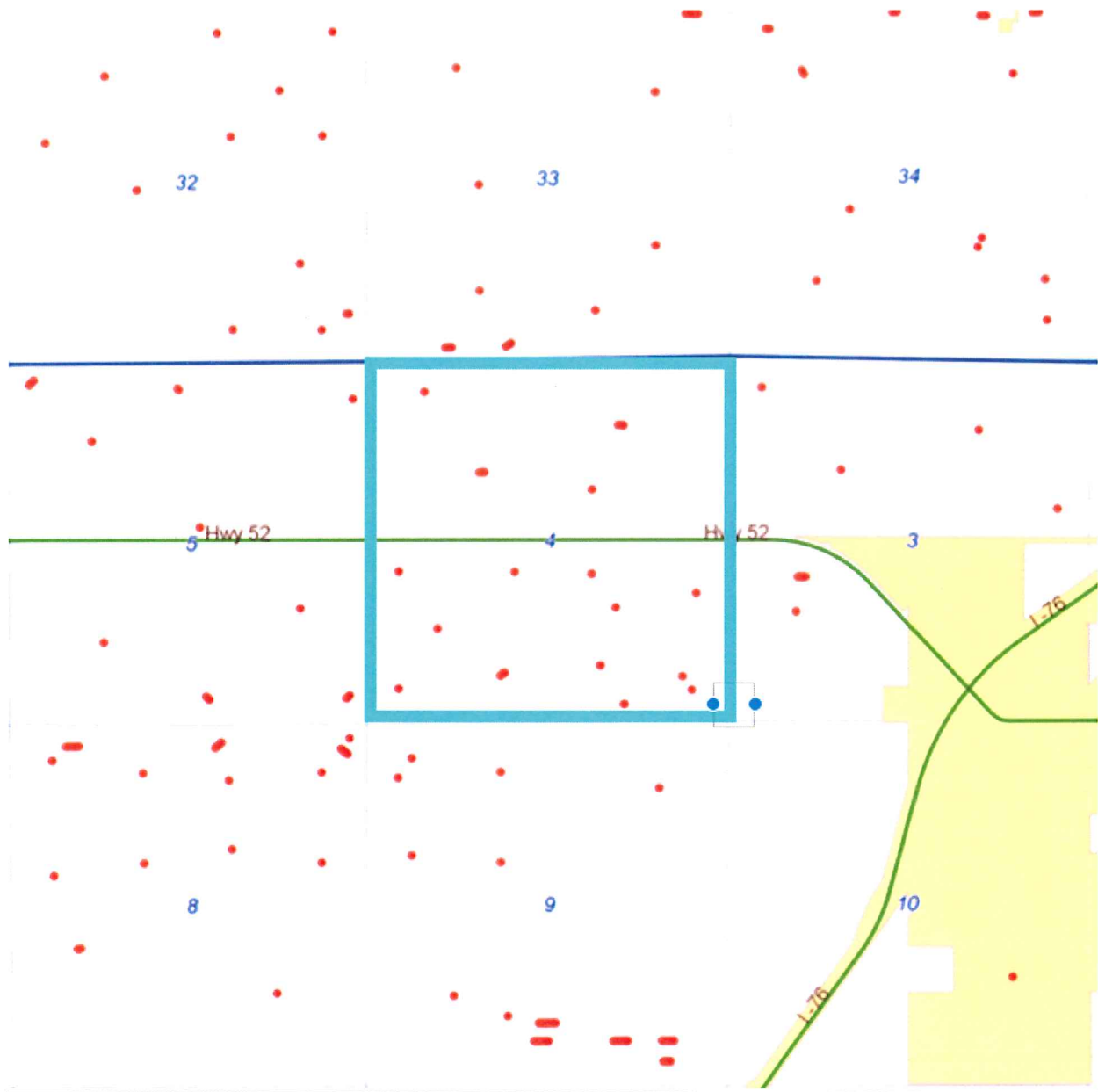


My commission expires: 4-24-21


Notary Public

Reference Map
Crestone Peak Resources Operating, LLC

Section 4, Township 1 North, Range 65 West, 6th P.M.
Weld County, Colorado



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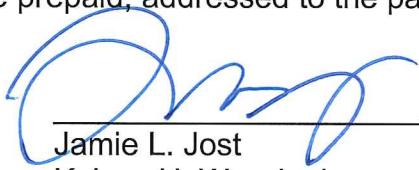
DOCKET NO. 171200862

TYPE: SPACING

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 Crestone Peak Resources Operating, LLC, 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 18th day of October, 2017.

Witness my hand and official seal.

[SEAL]



Notary Public

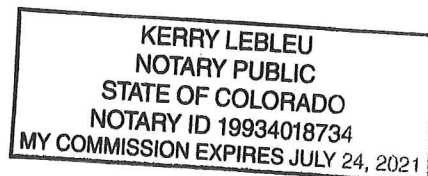


Exhibit A
SP - T1N-R65W Sec 4 Stelling

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