

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 AMENDING |) | CAUSE NO. 407 |
| PORTION OF ORDER NO. 407-1958 TO ESTABLISH AN |) | |
| APPROXIMATE 1,440-ACRE DRILLING AND SPACING |) | DOCKET NO. <i>To be assigned</i> |
| UNIT FOR CERTAIN LANDS LOCATED IN SECTION 6, |) | |
| TOWNSHIP 2 NORTH, RANGE 68 WEST, 6 TH P.M. AND |) | TYPE: Spacing |
| SECTIONS 30 & 31, TOWNSHIP 3 NORTH, RANGE 68 |) | |
| WEST, 6 TH P.M., AND CONTINUING TO AUTHORIZE |) | |
| THE DRILLING OF TWENTY HORIZONTAL WELLS |) | |
| WITHIN SAID PROPOSED UNIT, FOR PRODUCTION |) | |
| FROM THE CODELL AND NIOBRARA FORMATIONS, |) | |
| 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 amending portion of Order No. 407-1958 to establish an approximate 1,440-acre drilling and spacing unit for certain lands located in Section 6, Township 2 North, Range 68 West, 6th P.M., and Sections 30 and 31, Township 3 North, Range 68 West, 6th P.M., while continuing to authorize the drilling of 20 horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations (with 14 wells drilled within the Niobrara Formation and 6 wells within the Codell 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 ("Amended Application Lands"):

Township 2 North, Range 68 West, 6th P.M.
Section 6: N½

Township 3 North, Range 68 West, 6th P.M.
Section 30: S½ and S½ N½
Section 31: All

The Application Lands comprise 1,440 acres, more or less, and are depicted on the Application Map, Exhibit A, attached hereto.

3. 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 Amended Application Lands are subject to Rule 318A. for the Codell and Niobrara Formations.

4. On May 1, 2017, the Commission issued Order No. 407-1958 which, among other things, established an approximate 1,280-acre drilling and spacing unit for the below-listed lands ("Original 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):

Township 2 North, Range 68 West, 6th P.M.

Section 6: N½

Township 3 North, Range 68 West, 6th P.M.

Section 30: S½

Section 31: All

5. Applicant herein seeks to modify the approximate 1,280-acre drilling and spacing unit established for the Original Application Lands, by expanding acreage in the northern part of the project area approximately 160 acres to include the S½ N½ of Section 30, Township 3 North, Range 68 West, 6th P.M, to an approximate 1,440-acre drilling and spacing unit for the Amended Application Lands, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. There has been no development of either the Codell and Niobrara Formations under Order No. 407-1958 for the Amended Application Lands, which authorizes the drilling of up to twenty horizontal wells within the approximate 1,280-acre drilling and spacing unit established for the Original Application Lands.

6. Accordingly, Applicant herein requests that portion of Order No. 407-1958, which established an approximate 1,280-acre drilling and spacing unit for the Original Application Lands be modified to expand the unit area to 1,440 acres for the Amended Application Lands, with continuing authority to drill 20 horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations (with 14 wells drilled within the Niobrara Formation and 6 wells within the Codell Formation). Applicant asserts that amending Order No. 407-1958, as proposed herein, will lead to the efficient and economic development of the resource underlying the Application Lands and prevent waste, while protecting correlative rights.

7. Applicant herein seeks the establishment of an approximate 1,440-acre drilling and spacing unit for the Amended 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 and Niobrara Formations (with 14 wells drilled within the Niobrara Formation and 6 wells within the Codell Formation). The establishment of the expanded drilling and spacing unit for the Amended Application Lands is not smaller than the area which can be efficiently and economically drained by the drilling of the requested horizontal wells to be drilled within said unit.

8. Applicant continues to assert that the treated intervals of any horizontal well permitted under this Application should be located not less than 460 feet from unit boundaries and not less than 150 feet from any other well producing or drilling from the Codell and Niobrara Formations, without exception being granted by the Director.

9. Further, Applicant continues to assert that any permitted wells drilled under this Application should be located on no more than three multi-well pads within the drilling and spacing unit from Rule 318A. GWA drilling windows or lands outside the drilling windows with surface owner consent, or on adjacent lands to the unit area with surface owner consent, without exception being granted by the Director.

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

11. Applicant requests that relief granted as result of this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by the oral order of the Commission.

12. That the names and addresses of interested parties (owners within the Amended Application Lands for that portion of the Application requesting the establishment of a drilling and spacing unit) according to the information and belief of the Applicant are set forth in Exhibit B attached hereto. The Applicant shall submit a certificate of service for the Application within seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests this matter be set for hearing, notice be given as required by law, and that upon such hearing the Commission enter its order:

A. Amending that portion of Order No. 407-1958 which established an approximate 1,280-acre drilling and spacing unit for the Original Application Lands by expanding the unit area to 1,440 acres for the Amended Application Lands, with continuing authority to drill 20 horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations (with 14 wells drilled within the Niobrara Formation and 6 wells within the Codell Formation).

B. Requiring that the treated intervals of any horizontal well permitted under this Application should be located not less than 460 feet from unit boundaries and not less than 150 feet from any other well producing or drilling from the Codell and Niobrara Formations, without exception being granted by the Director.

C. Requiring that any permitted wells drilled under this Application should be located on no more than three multi-well pads within the drilling and spacing unit from Rule 318A. GWA drilling windows or lands outside the drilling windows with surface owner consent, or on adjacent lands to the unit area with surface owner consent, without exception being granted by the Director.

D. For such other findings and orders as the Commission may deem proper or advisable given the premises.

DATED this 17th day of October, 2017.

Respectfully submitted,

CUB CREEK ENERGY, LLC

By:

Robert A. Willis
Robert A. Willis (Colorado Bar #26308)
The Shanor Group LLC
600 Seventeenth Street, Suite 2800
Denver, CO 80202
(303) 995-5120

Applicant's Address:

200 Plaza Drive, Suite 100
Highlands Ranch, CO 80129

VERIFICATION

STATE OF COLORADO

)

) ss.

CITY & COUNTY OF DOUGLAS

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Scott B. Baily, Vice President of Land for Cub Creek Energy, LLC, 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.

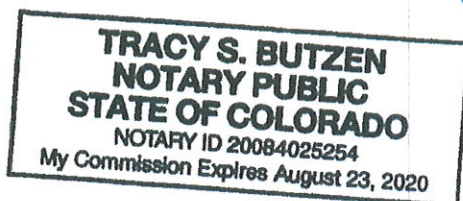
CUB CREEK ENERGY, LLC

Scott B. Baily
Scott B. Baily

Subscribed and sworn to before me this 17th day of October, 2017, by Scott B. Baily, Vice President of Land for Cub Creek Energy, LLC.

Witness my hand and official seal.

My commission expires: August 23, 2020



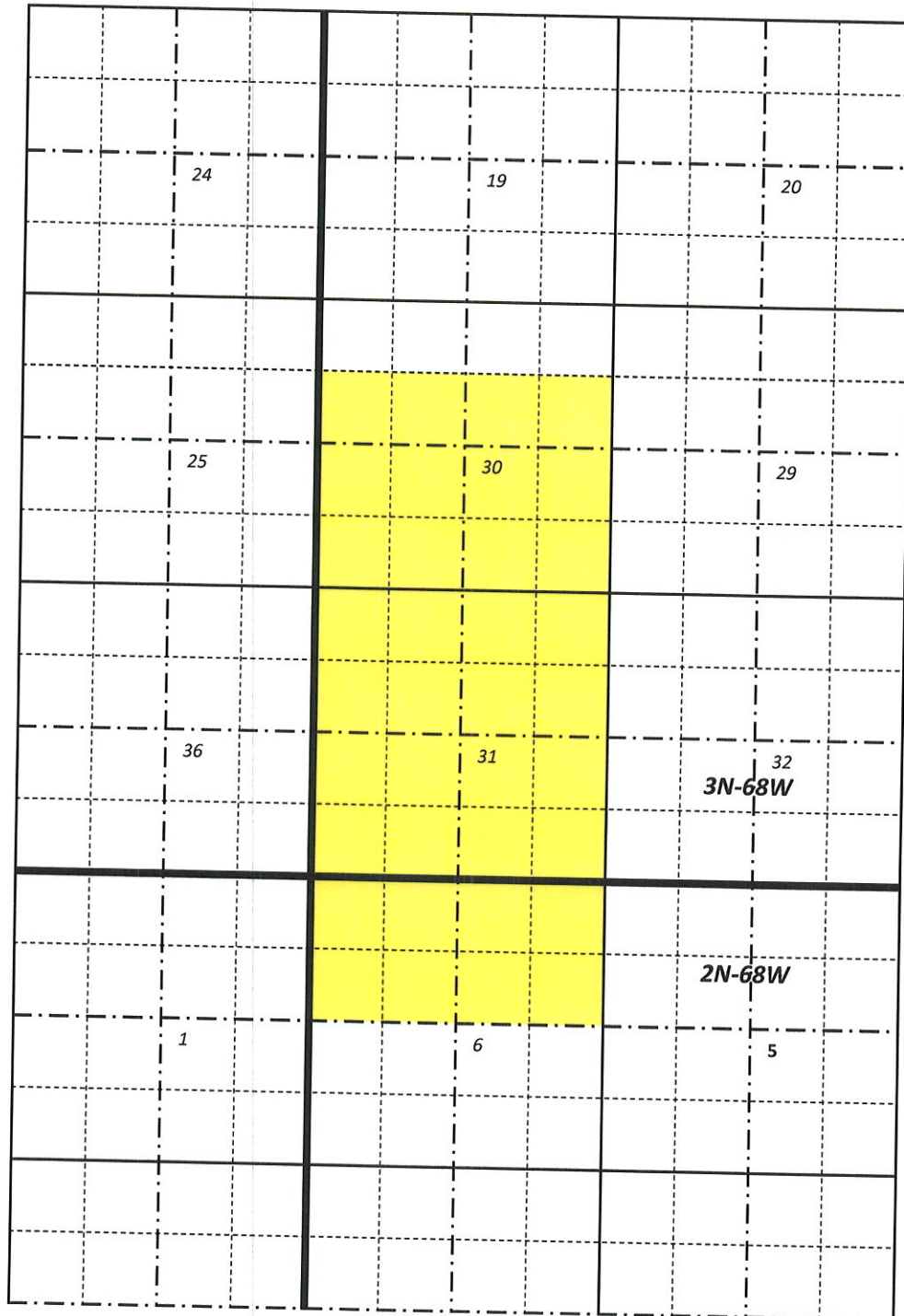
Notary Public

Tracy S. Butzen

Townships 2 & 3 North, Range 68 West, 6th P.M.

Exhibit A
Application Map

 - Application Lands



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OF THE STATE OF COLORADO

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| OF ORDER NO. 407-1958 TO ESTABLISH AN |) | DOCKET NO. 171200880 |
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CERTIFICATE OF MAILING

I, Kara Konstanty, hereby certify that on the 19th day of October, 2017, I caused a copy of the Application and the attached Exhibit B, in the above referenced Docket No., to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B attached hereto.

DATED this 19th day of October, 2017.

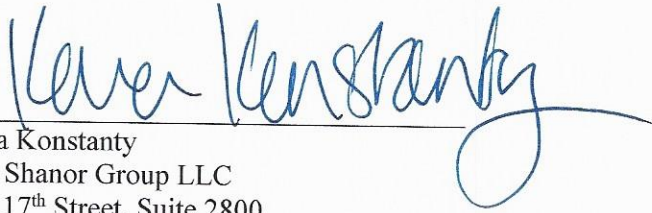

Kara Konstanty
The Shanor Group LLC
600 17th Street, Suite 2800
Denver, CO 80202

EXHIBIT B – INTERESTED PARTIES
DOCKET NO. 171200880

| | | |
|---|---|--|
| Cub Creek Energy, LLC 200 Plaza Drive, Suite 100 Highlands Ranch, CO 80129 | Murray J. Herring 3609 S. Wadsworth Blvd., Suite 340 Lakewood, CO 80235 | TOP Operating Co. 3609 S. Wadsworth Blvd., Suite 340 Lakewood, CO 80235 |
| Shoreline Energy Holdings II, Inc. 600, 209 – 8th Avenue S.W. Calgary, Alberta Canada T2P, 1B8 | Rodney K. Herring 3609 S. Wadsworth Blvd., Suite 340 Lakewood, CO 80235 | Richard Van Proosdy and Joyce Van Proosdy 375 Medina Court Loveland, CO 80537 |
| Transcontinent Oil Company 518 - 17th Street, Suite 900 Denver, CO 80202 | Crestone Peak Resources Holdings LLC 1801 California Street, Suite 2500 Denver, CO 80202 | Incline Niobrara Resources, LP 1626 Wazee Street, Suite 200-B Denver, CO 80202 |
| Incline Niobrara Resources, LP 5019 N. Central Expressway, Suite B Dallas, TX 75205 | Raisa II, LLC P.O. Box 987 Denver, CO 80201 | Raisa II, LLC 1560 Broadway Street, Suite 2050 Denver, CO 80202 |
| Kerr-McGee Oil and Gas Onshore LP 1099 18th Street, Suite 1800 Denver, CO 80202 | Gene F. Lang & Co. P.O. Box 850 Parker, CO 80134 | Colorado Community Bank 1050 Eagle Dr. Loveland, CO 80537 |
| Independent Bank Attn. Scott Nichols Special Assets Manager P.O. Box 3035 McKinney, TX 75070 | Charles D. Greenman & Alice F. Greenman 13518 County Road 1 Longmont, CO 80504 | Weld County 1150 O St. Greeley, CO 80631 |
| Anthony F. Galiano 6030 Indrio Rd., Apt. 8 Fort Pierce, FL 34951 | David L. Hazlett & Linda D. Hazlett 13632 Elmore Rd. Longmont, CO 80504 | Tammy M. McKay & Steven D. Creason 13688 Elmore Rd. Longmont, CO 80504 |
| City of Longmont 350 Kimbark Street Longmont, CO 80501 | Troy Swain Weld County Department of Planning Services 1555 North 17th Avenue Greeley, CO 80631 | Brad Schol City of Longmont 350 Kimbark Street Longmont, CO 80501 |
| Brandon Marette, Energy Liaison Colorado Parks & Wildlife 6060 Broadway Denver, CO 80216 | Kent Kuster, Energy Liaison Colorado Dep't of Public Health & Environment 4300 Cherry Creek Dr. S Denver, CO 80246 | The Shanor Group LLC Robert A. Willis 600 Seventeenth Street, Suite 2800 Denver, CO 80202 |