

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

IN THE MATTER OF AN APPLICATION BY
ENERPLUS RESOURCES (USA) CORPORATION
FOR AN ORDER TO, AMONG OTHER THINGS,
ESTABLISH AN APPROXIMATE 640-ACRE DRILLING
AND SPACING UNIT AND AUTHORIZE UP TO FOUR
(4) HORIZONTAL WELLS FOR PRODUCTION FROM
THE FORT HAYES, CARLILE, CODELL AND
NIOBRARA FORMATIONS, FOR SECTIONS 33 AND
34, TOWNSHIP 8 NORTH, RANGE 66 WEST, 6TH
P.M., UNNAMED FIELD, WELD COUNTY,
COLORADO

CAUSE NO. 535

DOCKET NO. *To be
assigned*

TYPE: SPACING

APPLICATION

Enerplus Resources (USA) Corporation, Operator No. 10177 (“Enerplus” or “Applicant”), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order to, among other things, establish an approximate 640-acre drilling and spacing unit for Sections 33 and 34, Township 8 North, Range 66 West, 6th P.M., and authorize the drilling of up to four (4) horizontal wells within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Fort Hayes, Carlile, Codell and Niobrara Formations. In support of its 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 Commission.

2. Applicant is an owner in the below-listed lands:

Township 8 North, Range 66 West, 6th P.M.

Section 33: S½

Section 34: S½

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

These lands are hereinafter referred to as the “Application Lands.” A reference map depicting the Application Lands is attached hereto and marked as Exhibit A.

3. The records of the Commission indicate that there are no horizontal wells currently producing from the Fort Hayes, Carlile, Codell and Niobrara Formations underlying the Application Lands.

4. Rule 318.a. of the Commission Rules provides a well to be drilled 2,500 feet or greater shall be located not less than 600 feet from any lease line, and shall be located not less than 1,200 feet from any other producible oil or gas well when drilling to the same common source of supply, unless authorized by the Commission upon

hearing. The Application Lands are subject to this rule for the Fort Hayes, Carlile, Codell and Niobrara Formations.

5. Applicant requests the Commission establish the Application Lands as an approximate 640-acre drilling and spacing unit for the Fort Hayes, Carlile, Codell and Niobrara Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Fort Hayes, Carlile, Codell and Niobrara Formations.

6. Further, Applicant requests it be authorized to drill and complete up to three (3) horizontal wells in the drilling and spacing unit proposed for the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Codell Formation, and up to one (1) horizontal well in the drilling and spacing unit proposed for the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

7. Applicant states that it is not targeting the Fort Hayes or Carlile Formations as part of its planned drilling program. However, due to the proximity of the Fort Hayes and Carlile Formations to the Codell Formation, it may be encountered during drilling and is hereby included in this Application.

8. Applicant requests that setbacks for the Application Lands be as follows:

a. Any horizontal wells to be drilled under this Application for production from the Fort Hayes, Carlile, Codell and Niobrara Formations will be drilled from the surface of the drilling unit, or on adjacent lands with consent of the landowner, from no more than two (2) surface locations, unless an exception is granted by the Director.

b. The wellbores of any horizontal wells to be drilled under this Application may enter the Fort Hayes, Carlile, Codell and Niobrara Formations anywhere within the unit, or on adjacent lands, without exception being granted by the Director.

c. For any permitted wells to be drilled under this Application for production from the Fort Hayes, Carlile, Codell and Niobrara Formations, the treated intervals of the wells shall be not less than 150 feet from the treated interval of another well producing from the same formation, without exception being granted by the Director.

d. For any permitted wells to be drilled under this Application for production from the Fort Hayes, Carlile, Codell and Niobrara Formations, the productive interval of any permitted well shall be located no closer than 600 feet from the unit boundary.

9. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

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 Commission rules.

11. 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, that notice be given as required by law and that upon such hearing, the Commission enter an order:

A. Establishing a 640-acre drilling and spacing unit for the Application Lands and authorizing the drilling of up to three (3) horizontal wells within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Codell Formation, and up to one (1) horizontal well within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

B. Providing that setbacks for the Application Lands be as follows:

1. Any horizontal wells will be drilled from the surface of the drilling unit, or on adjacent lands with consent of the landowner, from no more than two (2) surface locations, unless an exception is granted by the Director.

2. The wellbores of any horizontal wells may enter the Fort Hayes, Carlile, Codell and Niobrara Formations anywhere within the unit, or on adjacent lands, without exception being granted by the Director.

3. The treated intervals of any horizontal wells shall be not less than 150 feet from the treated interval of another well producing from the same formation, without exception being granted by the Director.

4. The treated intervals of any horizontal wells shall be located no closer than 600 feet from the unit boundary.

C. Providing that relief granted under this Application be effective on oral order by the Commission, relying on the Applicant's desire to be bound by said oral order.

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

DATED this 30 day of November, 2017.

Respectfully submitted,

ENERPLUS RESOURCES (USA) CORPORATION

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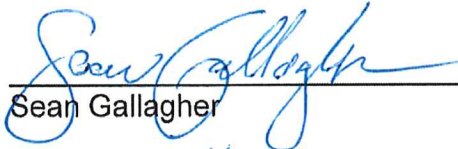
Enerplus Resources (USA) Corporation
Sean Gallagher, Senior Landman
950 17th Street, Suite 2200
Denver, Colorado 80202

VERIFICATION

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

Sean Gallagher, Senior Landman for Enerplus Resources (USA) Corporation, 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.

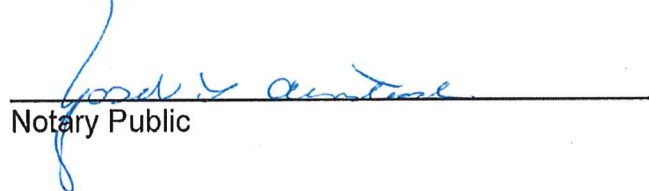
ENERPLUS RESOURCES (USA)
CORPORATION


Sean Gallagher

Subscribed and sworn to before me this 29th day of November, 2017, by Sean Gallagher, Senior Landman for Enerplus Resources (USA) Corporation.

Witness my hand and official seal.

My commission expires: 5/10/2020


Notary Public

YASUKO S. ARMSTEAD
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124022883
MY COMMISSION EXPIRES MAY 18, 2020

EXHIBIT A

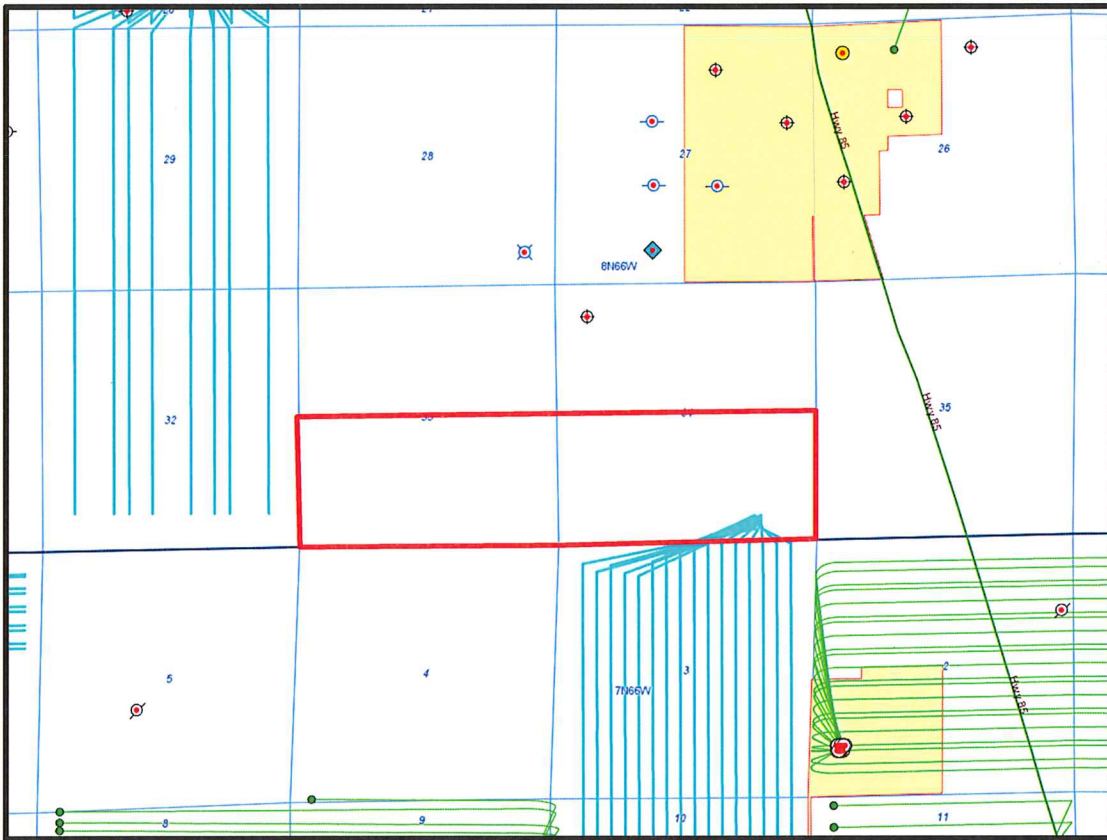
Reference Map for Spacing Application

Township 8 North, Range 66 West, 6th P.M.

Section 33: S½

Section 34: S½

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



= Application Lands

