

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

IN THE MATTER OF THE APPLICATION OF  
CONOCOPHILLIPS COMPANY FOR AN  
ORDER TO POOL ALL INTERESTS IN FOUR  
(4) WELLS IN AN APPROXIMATE 1,280-ACRE  
DRILLING AND SPACING UNIT IN SECTIONS  
22 AND 23, TOWNSHIP 3 SOUTH, RANGE 65  
WEST, 6<sup>TH</sup> P.M., IN THE NIOBRARA  
FORMATION, UNNAMED FIELD, ADAMS  
COUNTY, COLORADO

CAUSE NO. 535

DOCKET NO. 180400 \_\_\_\_\_

TYPE: POOLING

**APPLICATION**

COMES NOW ConocoPhillips Company (Operator No. 19160), including its wholly owned subsidiary Burlington Resources Oil & Gas LP (Operator No. 26580) (together, "COPC" or "Applicant"), by its attorneys, Jost Energy Law, P.C., and makes this application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to pool all interests within an approximate 1,280-acre drilling and spacing unit established for Sections 22 and 23, Township 3 South, Range 65 West, 6<sup>th</sup> P.M., and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the Bear 3-65 22-23 3AH, the Bear 3-65 22-23 3BH, the Bear 3-65 22-23 3CH, and the Bear 3-65 22-23 3DH (API Nos. Pending) ("Wells"), for the development and operation of the Niobrara Formation on the below-described lands:

Township 3 South, Range 65 West, 6<sup>th</sup> P.M.

Section 22: All

Section 23: All

1,280 acres, more or less, Adams County, Colorado

Hereinafter "Application Lands."

In support thereof, COPC states and alleges as follows:

1. COPC is a Delaware corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
2. COPC and/or its subsidiary company Burlington Resources Oil & Gas Company LP are Owners as defined by the Colorado Oil and Gas Conservation Act and the Commission's 100 Series Rules and own certain leasehold interests or the right to operate leasehold interests in the Application Lands.

3. On October 31, 2011, the Commission entered Order No. 535-89 which, among other things, established 18 approximate 640-acre drilling and spacing units for certain lands including the Application Lands, and authorized to drill up to two horizontal wells in each unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

4. On July 28, 2014, the Commission entered Order No. 535-513 which, among other things, 1) vacated two approximate 640-acre drilling and spacing units established by Order No. 535-89 for Sections 22 and 23, Township 3 South, Range 65 West, 6th P.M.; and 2) established an approximate 1280-acre exploratory drilling and spacing unit for the Application Lands and approved up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

5. On October 27, 2014, the Commission entered Order No. 535-579 which, among other things, pooled all interests in an approximate 1280-acre exploratory drilling and spacing unit established for Sections 22 and 23, Township 3 South, Range 65 West, 6th P.M., for the development and operation of the Niobrara Formation, and subjected any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., effective as of the earlier of the date of the Application, or the date that any of the costs specified in §34-60-116(7)(b), C.R.S., were first incurred for the drilling of the Bear 3-65 22-23 Well.

6. On January 29, 2018, the Commission approved Applicant's Application for Additional Wells in Docket No. 180100013 (Order No. Pending), which, among other things, authorized an additional two horizontal wells, for a total of up to four horizontal wells, in the approximate 1,280-acre drilling and spacing unit established for the Application Lands for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the productive interval of any horizontal well to be located be no closer than 460 feet from the boundaries of the unit and not less than 150 feet from the productive interval of another well within the unit, and authorized up to two well pads in the unit, or adjacent thereto, unless an exception is granted by the Director.

7. COPC, pursuant to Commission Rule 530 and/or the provisions of C.R.S. §34-60-116(6) and (7), hereby requests an order to pool all interests in the approximate 1,280-acre drilling and spacing unit established for the Application Lands, for the development and operation of the Wells in the Niobrara Formation, and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., effective as of the earlier of the date of this Application, or the date that the costs specified in C.R.S. § 34-60-116(7)(b) are first incurred for the drilling of the Wells for the development and operation of the Niobrara Formation.

8. COPC certifies that copies of this Application will be served on all persons owning an interest in the mineral estate of the tracts to be pooled within seven (7) days of the date hereof, as required by Rule 503.e., and that at least thirty-five (35) days prior to the hearing on this matter, each such interest owner not already leased or voluntarily pooled will

be offered the opportunity to lease, or to participate in the drilling of the Wells, and will be provided with the information required by Rule 530 as applicable.

9. In order to allow for more efficient reservoir drainage, prevent waste, assure a greater ultimate recovery of hydrocarbons, and to correlative rights, all interests in the 1,280-acre drilling and spacing unit should be pooled for the orderly development and operation of the Wells in the Niobrara Formation, including any non-consenting interests therein.

WHEREFORE, COPC requests that this matter be set for hearing on April 30, 2018, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Pooling all interests in an approximate 1,280-acre drilling and spacing unit established for the Application Lands for the development and operation of the Niobrara Formation, effective as of the earlier of the date of the Application, or the date that any of the costs specified in §34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of the Bear 3-65 22-23 3AH, the Bear 3-65 22-23 3BH, the Bear 3-65 22-23 3CH, and the Bear 3-65 22-23 3DH (API Nos. Pending) ("Wells").

B. Providing that the production obtained from the Wells shall be allocated to each owner in the unit on the basis of the proportion that the number of acres in such tract bears to the total number of mineral acres within the drilling and spacing unit; each owner of an interest in the drilling and spacing unit shall be entitled to receive its share of the production of the Wells applicable to its interest in the drilling and spacing unit.

C. Providing that any working interest owner who does not elect to participate in the Wells or fails to make a timely election is hereby deemed to be nonconsenting and is subject to the penalties as provided for in §34-60-116(7), C.R.S. The nonconsenting working interest owner must reimburse the consenting owners for his proportionate share of the costs and risks of drilling and operating the Wells from his proportionate share of production, subject to non-cost bearing interests, until costs and penalties are recovered as set forth in §34-60-116(7), C.R.S.

D. Providing that any unleased owner who does not elect to participate in the Well(s) or fails to make a timely election is hereby deemed to be nonconsenting and is subject to the penalties as provided for in §34-60-116(7), C.R.S.

E. Providing that each nonconsenting unleased owner within the drilling and spacing unit shall be treated as the owner of the landowner's royalty to the extent of 12.5% of its record title interest, whatever that interest may be, until such time as the consenting owners recover, only out of each nonconsenting owner's proportionate 87.5% share of production, the costs specified in §34-60-116(7)(b), C.R.S., as amended. After recovery of such costs, each unleased nonconsenting mineral owner shall then own its proportionate 8/8ths share of the Wells, surface facilities and production, and then be

liable for its proportionate share of further costs incurred in connection with the Wells as if it had originally agreed to the drilling.

F. Providing that the operator of the Wells drilled on the above-described drilling and spacing unit shall furnish the nonconsenting owners with a monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month.


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

Dated: February 1<sup>st</sup>, 2018.

Respectfully submitted:

**CONOCOPHILLIPS COMPANY**

By:



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