

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

IN THE MATTER OF THE APPLICATION OF)	
EXTRACTION OIL & GAS, INC., FOR AN ORDER)	CAUSE NO. 407
ESTABLISHING AN APPROXIMATE 1,280-ACRE)	
DRILLING AND SPACING UNIT FOR SECTIONS 1)	DOCKET NO. <i>To be determined</i>
AND 2, TOWNSHIP 7 NORTH, RANGE 65 WEST, 6 TH)	
P.M., AND AUTHORIZING THE DRILLING OF)	TYPE: Spacing
TWENTY HORIZONTAL WELLS WITHIN SAID)	
UNIT, FOR PRODUCTION FROM THE CODELL-)	
NIOBARRA FORMATION, WATTENBERG FIELD,)	
WELD COUNTY, COLORADO)	

APPLICATION

Extraction Oil & Gas, Inc. (“Extraction” or “Applicant”), Operator #10459, 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: (1) vacating Order 407-1209 which, among other things, established an approximate 320-acre drilling and spacing unit for the E½ of Section 2, Township 7 North, Range 65 West, 6th P.M., and authorized the drilling of 8 horizontal wells within said unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, and (2) establishing an approximate 1,280-acre drilling and spacing unit for Sections 1 and 2, Township 7 North, Range 65 West, 6th P.M., and authorizing the drilling of 20 horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. 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 7 North, Range 65 West, 6th P.M.
Section 1: All
Section 2: All

The Application Lands comprise 1,280 acres, more or less, and are depicted on the Application Map, Exhibit A, attached hereto.

3. On April 27, 1988, 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 (“GWA”) 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-Niobrara Formation.

Vacating the approximate 320-acre drilling and spacing unit established for the E½ of Section 2, Township 7 North, Range 65 West, 6th P.M., for production from the Codell and Niobrara Formations

4. On January 26, 2015, the Commission issued Order No. 407-1209 which, among other things, established an approximate 320-acre drilling and spacing unit for the E½ of Section 2, Township 7 North, Range 65 West, 6th P.M., and authorized the drilling of 8 horizontal wells within said unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

5. Applicant herein seeks to establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. There has been no development of either the Codell and Niobrara Formations under Order No. 407-1209, which authorizes the drilling of 8 horizontal wells within the approximate 320-acre drilling and spacing unit established for the E½ of Section 2, Township 7 North, Range 65 West, 6th P.M. Future development of the E½ of said Section 2 under Order No. 407-1209 would conflict with Applicant's plan to establish the approximate 1,280-acre drilling and spacing unit for the Application Lands, with authority to twenty horizontal wells within the planned unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

6. Accordingly, Applicant herein requests Order No. 407-1209 which established an approximate 320-acre drilling and spacing unit for the E½ of Section 2, Township 7 North, Range 65 West, 6th P.M., and authorized the drilling of 8 horizontal wells within said unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, be vacated. Accordingly, vacating Order No. 407-1209 will lead to the efficient and economic development of the resource underlying the Application Lands and prevent waste, while protecting correlative rights.

Establishment of an approximate 1,280-acre drilling and spacing unit for the Application Lands, for production from the Codell-Niobrara Formation

7. Applicant herein 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 the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. The Codell and Niobrara Formations underlying the Application Lands are a common source of supply. Further, the establishment of the drilling and spacing unit 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 herein requests the treated intervals of any horizontal well permitted under this Application should be located not less than 460 feet from proposed unit boundaries and not less than 150 feet from any other well producing or drilling from the Codell-Niobrara Formation, without exception being granted by the Director.

9. Applicant herein requests any permitted well drilled under this Application should be located: (1) on lands overlying the drilling and spacing unit from either inside a Rule 318A GWA drilling window or lands outside the GWA windows with landowner consent, absent exception granted by the Director, or (2) on lands outside the drilling and spacing unit with landowner consent, absent exception granted by the Director. Further, Applicant requests that permitted wells under this Application should be drilled from no more than four multi-well pads.

* * *

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 Application Lands) 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. Establishing an approximate 1,280-acre drilling and spacing unit for the Application Lands, and authorizing the drilling of 20 horizontal wells within the proposed unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation, with the treated intervals of any horizontal well permitted under this Application 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-Niobrara Formation, without exception being granted by the Director.

B. Limiting the drilling of any permitted wells under this Application to no more than four multi-well pads either: (1) on lands overlying the drilling and spacing unit from either inside a Rule 318A GWA drilling window or lands outside the GWA windows with landowner consent, absent exception granted by the Director, or (2) on lands outside the drilling and spacing unit with landowner consent, absent exception granted by the Director.

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

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DATED this 8th day of February, 2018.

Respectfully submitted,

EXTRACTION OIL & GAS, INC.

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

Applicant's Address:
370 Seventeenth Street, Suite 5300
Denver, CO 80202

VERIFICATION

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

Sean Flanagan, Landman for Extraction Oil & Gas, Inc., 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.

EXTRACTION OIL & GAS, INC.

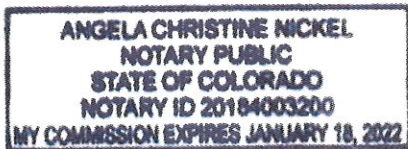
[Signature]
Sean Flanagan

Subscribed and sworn to before me this 8th day of February, 2018, by Sean Flanagan, Landman for Extraction Oil & Gas, Inc.

Witness my hand and official seal.

My commission expires: 1/18/2022

[Signature]
Notary Public



Township 7 North, Range 65 West

Section 1: All

Section 2: All

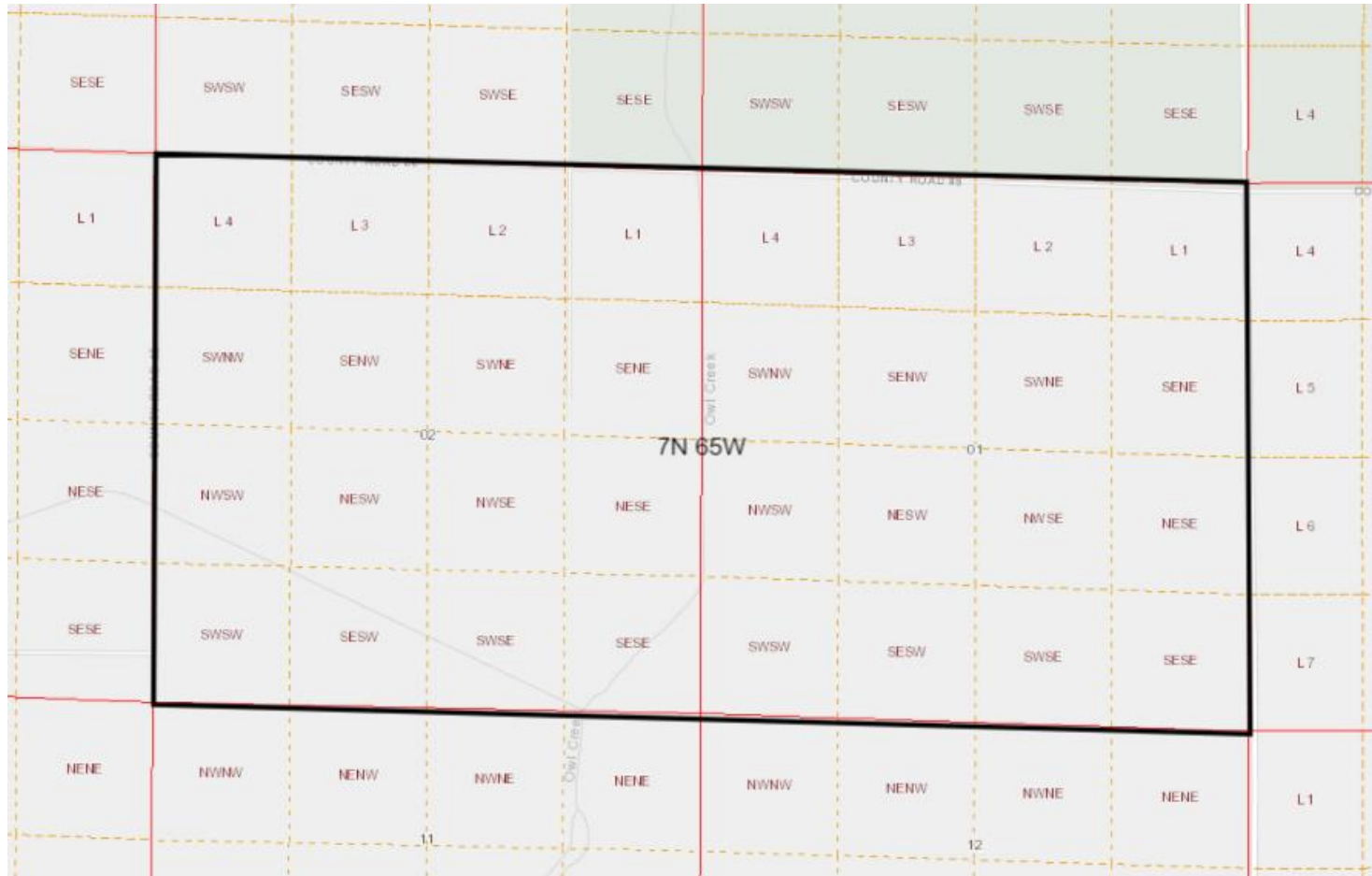


EXHIBIT B

INTERESTED PARTIES

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Attn: Sean Flanagan
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Troy Swain
Weld County
Dep't of Planning Services
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Kent Kuster
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Production Co.
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