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 TWO WELLS IN AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT ESTABLISHED FOR SECTIONS 32 AND 33, TOWNSHIP 3 SOUTH, RANGE 65 WEST, 6TH 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 32 and 33, Township 3 South, Range 65 West, 6th 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 Blue 3-65 32-33 1H and the Blue 3-65 33-32 5H_D (API Nos. Pending) ("Wells"), for the development and operation of the Niobrara Formation on the below-described lands:

Township 3 South, Range 65 West, 6th P.M.

Section 32: All Section 33: 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 September 15, 2014, the Commission entered Order No. 535-535 which, among other things, 1) vacated two approximate 640-acre drilling and spacing units established by Order No. 535-89 for Sections 32 and 33, Township 3 South, Range 65 West, 6th P.M.; and 2) established an approximate 1,280-acre exploratory drilling and spacing unit for Sections 32 and 33, Township 3 South, Range 65 West, 6th P.M. and approve 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. 535-578 which, among other things, pooled all interests in an approximate 1,280-acre exploratory drilling and spacing unit established for Sections 32 and 33, 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 Blue 3-65 32-33 Well. The Blue 3-65 32-33 Well was never drilled on the Application Lands.
- 6. COPC, pursuant to Commission Rule 530 and/or the provisions of §34-60-116(6) and (7), C.R.S., 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 § 34-60-116(7)(b), C.R.S. are first incurred for the drilling of the Wells, for the development and operation of the Niobrara Formation.
- 7. 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.
- 8. 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 Sections 32 and 33, Township 3 South, Range 6 West, 6th P.M., 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 Blue 3-65 32-33 1H or the Blue 3-65 33-32 5H_D (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 28th, 2018.

Respectfully submitted:

CONOCOPHILLIPS COMPANY

Ву:

Kelsey H. Wasylenky
Jost Energy Law, P.C.
Attorneys for Applicant
1401 17th Street, Suite 370
Denver, Colorado 80202
(720) 446-5620

COPC's Address:

ConocoPhillips Company Attn: Zach Ray 600 N. Dairy Ashford Road Houston, TX 77079-1069

VERIFICATION

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

Zach Ray, of lawful age, being first duly sworn upon oath, deposes and says that he is a Senior Landman for ConocoPhillips Company, and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Zach Ray

Senior Landman

ConocoPhillips Company

Subscribed and sworn to before me this 23 day of February, 2018.

Witness my hand and official seal.

[SEAL]

REGINA M. PAURA
Notary Public, State of Texas
Comm. Expires 08-06-2021
Notary ID 129515167

My commission expires:

Notary Public

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 TWO WELLS IN AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT ESTABLISHED FOR SECTIONS 32 AND 33, TOWNSHIP 3 SOUTH, RANGE 65 WEST, 6TH P.M., IN THE NIOBRARA FORMATION, UNNAMED FIELD, ADAMS COUNTY, COLORADO

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TYPE: POOLING

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 ConocoPhillips Company, and that on or before the 7th day of March, 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 ____ day of March, 2018.

Witness my hand and official seal.

[SEAL]

CHARLOTTE LAWLESS

NOTARY PUBLIC

STATE OF COLORADO

NOTARY ID 20144023899

MY COMMISSION EXPIRES JUNE 16, 2018

Notary Public

Exhibit A COPC - FP - Blue 3-65 32-33

ConocoPhillips Company 600 North Dairy Ashford Houston, TX 77079

Burlington Resources Oil & Gas Company LP 600 North Dairy Ashford Houston, TX 77079

Bison Oil & Gas, LLC 518 17th Street, Suite 1800 Denver, CO 80202

United States of America 2850 Youngfield St., Lakewood, CO 80215

WGR Asset Holding Company P.O. Box 173779 Denver, CO 80217

Blue Spruce Energy Center, LLC 1751 N. Powhaton rd., Aurora, CO 80019

Public Service Company of Colorado 1800 Larimer St., Suite 1400 Denver, CO 80202

The Federal Aviation Administration 1601 Lind Avenue Southwest Renton, WA 98055

United States of America c/o United States Department of the Interior, Bureau of Land Management Colorado State Office 2850 Youngfield Street Lakewood, CO 80215

Stampede Industries, LLC 61 State Route 2044 Bentleyville, PA 15314 United States of America c/o United States Department of the Interior, Bureau of Land Management Colorado State Office 2850 Youngfield Street Lakewood, CO 80215

BOKF, NA, as Agent for U.S. Bank, N.A., Trustee of the Herman A. Flader T/U/W fbo Casey Reed P.O. Box 3499 Tulsa, OK 74101

BOKF, NA, as Agent for U.S. Bank, N.A., Trustee of the Herman A. Flader T/U/W fbo Laura Britt P.O. Box 3499 Tulsa, OK 74101

Grimm Farms LLC 647 Laredo St. Aurora, CO 80011

Adams County, Colorado 4430 South Adams County Parkway, 5th Floor Brighton, CO 80601

Bull Moose Royalties, LLC 518 17th Street, Suite 1800 Denver, CO 80202

Richard A. Webster and Gail R. Webster, as Trustees of the Webster Family Trust under Agreement dated November 7, 2011 7176 Arbor Pines Dr. Glen Arbor, MI 49636

The T & J Webster Family General Partnership 3439 Shady Spring Ln Mountain View, CA 94040 Patricia W. Blakeslee, Trustee of the Patricia W. Blakeslee Trust dated January 17, 1998 as restated November 26, 2012 4811 Lawn Ave. Western Springs, IL 60558

Uncle Jim's, LLC 1703 Wilcox Drive Sandusky, OH 44870

Robert W. Webster, Trustee under the Robert W. Webster Declaration of Trust dated May 9, 2000 11140 Edgebrook Lane Indian Head Park, IL 60525

Nancy C. Webster, Trustee under the Nancy C. Webster Declaration of Trust dated May 9, 2000 11140 Edgebrook Lane Indian Head Park, IL 60525

Twin Elms, LLC 7315 E. Orchard Road, Suite E-400, Greenwood Village, CO 80111

Colorado Department of Transportation 4201 E. Arkansas Denver, CO 80222

East Cherry Creek Valley Water and Sanitation District 6201 S. Gun Club Road Aurora, CO 80016

Interstate 70 LLP, C/O Land Services Inc. 7200 S Blackhawk Street No. 201, Englewood CO 80112

Venture 2011 LP 12959 Verbena Ct. Thornton, CO 80602 Property Reserve, Inc. 50 East North Temple Street, 12th Floor Salt Lake City, UT 84150-0012

Terrance G. King 4136 South Quatar St. Aurora, CO 80018

Davene King Schuh 8725 E. Via Del Arbor Drive Scottsdale, AZ 85258

Eva Lou Toms, aka Eva Lou Jones 7409 Weldon Ave Bakersfield, CA 93308

Margaret Jo Bailey 742 Pointe Drive Crescent Springs, KY 41017

Dwight E. Cloud 6342 Paxton Woods Drive Loveland OH 45140

Terrance G. King 4136 South Quatar St. Aurora, CO 80018

Davene King Schuh 8725 E. Via Del Arbor Drive Scottsdale, AZ 85258

Edward G. Gillet 1503 McDonough St. Sandusky, OH 44870

John J. Gillett 1507 McDonough St. Sandusky, OH 44870

James A. Gillett APO 358, c/o Postmaster San Francisco, CA 94101 Estates of Edward G. Gillet 1503 McDonough St. Sandusky, OH 44870

Estates of John J. Gillett 1507 McDonough St. Sandusky, OH 44870

Estates of James A. Gillett APO 358, c/o Postmaster San Francisco, CA 94101