

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

IN THE MATTER OF THE APPLICATION OF
CONFLUENCE DJ LLC FOR AN ORDER TO
POOL ALL INTERESTS IN AN APPROXIMATE
640-ACRE DRILLING AND SPACING UNIT
ESTABLISHED FOR SECTION 10: W $\frac{1}{2}$ AND
SECTION 15: W $\frac{1}{2}$, TOWNSHIP 4 NORTH,
RANGE 63 WEST, 6TH P.M., FOR THE
DEVELOPMENT AND OPERATION OF THE
CODELL AND NIOBRARA FORMATIONS,
WATTENBERG FIELD, WELD COUNTY,
COLORADO

CAUSE NO. 407

DOCKET NO. 1804_____

TYPE: POOLING

APPLICATION

COMES NOW Confluence DJ LLC, Operator No. 10518, ("Confluence" 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 640-acre drilling and spacing unit, as defined below, for the drilling of the following wells (API Nos. Pending): 70 Ranch 10-5-1L, 70 Ranch 10-5-3L, 70 Ranch 10-6-2L, 70 Ranch 10-6-4L, 70 Ranch 10-7-1L, 70 Ranch 10-7-3L, 70 Ranch 10-8-2L and the 70 Ranch 10-8-4L (the "Wells") for the development and operation of the Codell and Niobrara Formations on the following described lands:

Township 4 North, Range 63 West, 6th P.M.
Section 10: W $\frac{1}{2}$
Section 15: W $\frac{1}{2}$

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

Hereinafter "Application Lands"

In support thereof, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
2. Applicant is an Owner in the Application Lands, owns certain leasehold interests in the Application Lands and/or holds the right to operate certain leasehold interests in the Application Lands.
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 of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was amended to, among other things, address drilling of horizontal wells but did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area. The lands encompassing the Application Lands are subject to Rule 318A for wells drilled and producing in the Codell and Niobrara Formations and are also subject to 460' subsurface setback.

4. On December 12, 2011, the Commission entered Order Nos. 407-528 and 535-103, which, among other things, established 51 approximate 640-acre drilling and spacing units, including Section 10 of the Application Lands, and approved up to two horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore for the permitted well to be no closer than 460 feet from the unit boundaries.

5. On June 6, 2016, the Commission entered Order No. 407-1740 which, among other things, modified Order No. 407-528 to include the Codell Formation and approved an additional 18 horizontal wells, for a total of up to 20 horizontal wells, within the existing approximate 640-acre drilling and spacing unit established by Order No. 407-528 for Section 10 of the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations.

6. On January 29, 2018, the Commission entered Order No. 407-2308 which, among other things: 1) vacated an approximate 640-acre drilling and spacing unit established by Order Nos. 407-528 and 535-103 for Section 10, Township 4 North, Range 63 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation; 2) vacated Order No. 407-1740 as to Section 10, Township 4 North, Range 63 West, 6th P.M.; 3) established an approximate 640-acre drilling and spacing units for the Application Lands, and approved a total of up to 12 horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with nine horizontal wells to be drilled from the Niobrara Formation and three horizontal wells to be drilled from the Codell Formation; 4) providing that the wellbores of any horizontal wells may enter the Codell and Niobrara Formations anywhere within the unit, or on adjacent lands, subject to Rule 318A, unless an exception is granted by the Director; 5) providing that the productive interval of any horizontal well shall 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, unless an exception is granted by the Director; and 6) providing that the wells shall be drilled on no more than one well pad within the unit subject to Rule 318A or on adjacent lands, unless an exception is granted by the Director.

7. Applicant, 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, including but not limited to, any non-consenting interests and any party failing to fulfill its election, in the

Application Lands in the Codell and Niobrara Formations underlying the approximate 640-acre drilling and spacing unit established for the Application Lands.

8. Applicant requests that the Commission's pooling order be made 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 to the Codell or Niobrara Formation on the Application Lands.

9. Applicant 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 within the 640-acre drilling and spacing unit, and will be provided with the information required by Rule 530 as applicable.

10. In order to prevent waste and to protect correlative rights, all interests in the 640-acre drilling and spacing unit established for the Application Lands should be pooled for the orderly development and operation of the Wells in the Codell and Niobrara Formations, including any non-consenting interests therein.

WHEREFORE, Applicant 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, including but not limited to any non-consenting interests and any party failing to fulfill its election, in the 640-acre drilling and spacing unit established by Order No. 407-2308 for the W¹/₂ of Sections 10 and 15, Township 4 North, Range 63 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations.

B. Providing that the Commission's pooling order is made effective as of the earlier of the date of this Application, or the date that any of the costs specified in C.R.S. § 34-60-116(7)(b) are first incurred for the drilling of the 70 Ranch 10-5-1L, 70 Ranch 10-5-3L, 70 Ranch 10-6-2L, 70 Ranch 10-6-4L, 70 Ranch 10-7-1L, 70 Ranch 10-7-3L, 70 Ranch 10-8-2L or the 70 Ranch 10-8-4L (the "Wells") in the 640-acre drilling and spacing unit established for the Application Lands to the Codell or Niobrara Formations.

C. Providing that the interests of any owners with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the Wells are pooled by operation of statute, pursuant to C.R.S. § 34-60-116(6) and (7), and made subject to the cost recovery provisions thereof with respect to any horizontal well drilled to develop the Codell and Niobrara Formations on the Application Lands.

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

DATED March 1, 2018.

Respectfully submitted:

Confluence DJ LLC

By:



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VERIFICATION

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

William E. Nicas, of lawful age, being first duly sworn upon oath, deposes and says that he is a Senior Vice-President of Land and Business Development for Confluence DJ LLC, 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.



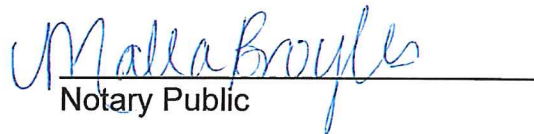
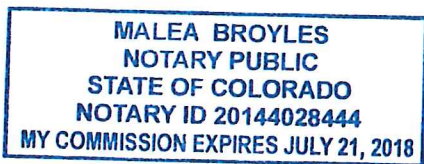
William E. Nicas
Senior Vice President, Land & Business Development
Confluence DJ LLC

Subscribed and sworn to before me this 1ST day of March, 2018.

Witness my hand and official seal.

[SEAL]

My commission expires: 7.21.2018



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