

**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 EIGHT  
WELLS IN AN APPROXIMATE 1,280-ACRE  
DRILLING AND SPACING UNIT ESTABLISHED  
FOR SECTIONS 19 AND 20, TOWNSHIP 4  
SOUTH, RANGE 64 WEST, 6<sup>TH</sup> P.M., IN THE  
NIOBRARA FORMATION, UNNAMED FIELD,  
ARAPAHOE COUNTY, COLORADO

CAUSE NO. 535

DOCKET NO. 180600401

TYPE: POOLING

**AMENDED 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 19 and 20, Township 4 South, Range 64 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 Lussing Trust 4-64 19-20 3AH, Lussing Trust 4-64 19-20 3BH, Lussing Trust 4-64 19-20 3CH, Lussing Trust 4-64 19-20 3DH, Lussing Trust 4-64 19-20 4AH, Lussing Trust 4-64 19-20 4BH, Lussing Trust 4-64 19-20 4CH, Lussing Trust 4-64 19-20 4DH (API Nos. Pending) ("Wells"), for the development and operation of the Niobrara Formation on the below-described lands:

Township 4 South, Range 64 West, 6<sup>th</sup> P.M.

Section 19: All

Section 20: All

1,280 acres, more or less, Arapahoe 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. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that, on unspaced lands, wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. Section 19, Township 4 South, Range 64 West, 6th P.M. is subject to Rue 318.a. for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

4. On December 12, 2011, the Commission entered Order No. 535-100 which, among other things, granted a well location exception to the requirements of Commission Rule 318.a. for certain lands including Section 19, Township 4 South, Range 64 West, 6th P.M., for the development and production of oil, gas and related hydrocarbons from the Niobrara Formation, providing: 1) that the surface location for each horizontal well drilled within a given section of said lands may be located anywhere within the section or on adjoining lands with appropriate surface owner approval; 2) the lateral of a given horizontal well may enter the Niobrara Formation no closer than 300 feet from the section line; 3) the treated interval within the Niobrara Formation may be located not closer than 460 feet from the section line; and 4) the distance between the treated interval of Niobrara wells within the Application Lands shall not be less than 920 feet.

5. On September 16, 2013, the Commission entered Order No. 535-397 which, among other things, established two approximate 640-acre exploratory drilling and spacing units for Sections 20 and 28, Township 4 South, Range 64 West, 6th P.M., and approved up to two horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the producing interval of such wells in the Niobrara Formation no closer than 460 feet from the boundaries of the spacing unit, and no closer than 920 feet from the producing interval of any other well producing from the common source of supply, without exception being granted by the Director.

6. On September 16, 2013, the Commission entered Order No. 535-403 which, among other things, denied the request for an order to pool all interests within an approximate 640-acre drilling and spacing unit established for Sections 20 and 28, Township 4 South, Range 64 West, 6th P.M. to accommodate the Lussing Trust 20-1H Well and the Tebo 28-1H Well, for the development and operation of the Niobrara Formation.

7. Concurrent with the filing of this Application, Applicant filed an Application which, among other things, requests an order to: 1) ~~maintain the 640-acre drilling and spacing unit established by Order No. 535-397 for the payment of production proceeds for the Watkins #4 64 19 1H (API No. 05-005-07173) well in Section 19, Township 4 South, Range 64 West, 6th P.M.~~ **Maintain an approximate 640-acre drilling and spacing unit established by Order No. 535-397 for the Lussing Trust 20 1H (API No. 05-005-07234) and the Lussing Trust 20 2H-D (API No. 05-005-07260) well located in Section 20, Township 4 South, Range 64 West, 6<sup>th</sup> P.M., until the date of first production of the first new well within the proposed unit;** 2) establish an approximate 1,280-acre drilling and spacing unit for Sections 19 and 20, Township 4 South, Range 64

West, 6<sup>th</sup> P.M., and approve up to eight new horizontal wells in the unit for the production of oil, gas and associated hydrocarbons from the Niobrara Formation in the unit; 3) provide that the productive interval 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, and authorizing up two new well pads in the unit, or adjacent thereto, unless an exception is granted by the Director; and 4) provide that the Watkins #4-64-19-1H (API No. 05-005-07173) be excluded from the proposed 1,280-acre unit and continue to be allocated on a lease basis for purposes of the payment of proceeds.

**8. COPC requests that the Lussing Trust 20 1H (API No. 05-005-07234) and the Lussing Trust 20 2H-D (API No. 05-005-07260) wells in Section 20, Township 4 South, Range 64 West, 6<sup>th</sup> P.M. be excluded from this Order.**

9. 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.

10. 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.

11. 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 June 11, 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 19 and 20, Township 4 South, Range 64 West, 6<sup>th</sup> 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 Lussing Trust 4-64 19-20 3AH, Lussing Trust 4-64 19-20 3BH, Lussing Trust 4-64 19-20 3CH, Lussing Trust 4-64 19-20 3DH,

Lussing Trust 4-64 19-20 4AH, Lussing Trust 4-64 19-20 4BH, Lussing Trust 4-64 19-20 4CH, Lussing Trust 4-64 19-20 4DH (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.

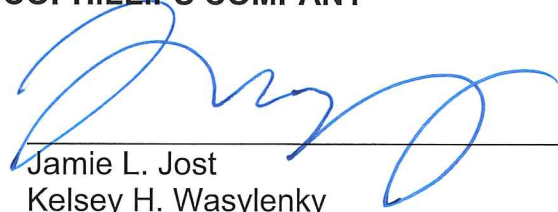
G. For such other findings and orders as the Commission may deem proper or advisable in this matter.

Dated: **May 7,** 2018.

Respectfully submitted:

**CONOCOPHILLIPS COMPANY**

By:



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