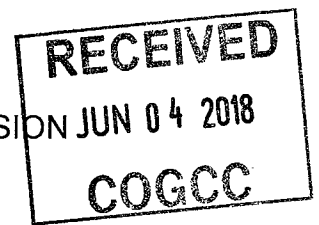


BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO



IN THE MATTER OF THE APPLICATION OF)
VERDAD RESOURCES, LLC FOR AN ORDER)
ESTABLISHING AN APPROXIMATE 1,280-)
ACRE DRILLING AND SPACING UNIT, AND)
ESTABLISHING WELL LOCATION RULES, FOR)
THE DRILLING OF WELLS AND PRODUCING)
OF OIL, GAS, AND ASSOCIATED)
HYDROCARBONS FROM THE NIOBRARA,)
FORT HAYS, CODELL, AND CARLILE)
FORMATIONS FOR CERTAIN LANDS IN)
SECTIONS 8, 17, AND 20, TOWNSHIP 10)
NORTH, RANGE 61 WEST, 6TH P.M.,)
UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 180700566

Type: SPACING

APPLICATION

Verdad Resources, LLC, Operator No. 10651 ("Applicant" or "Verdad"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to establish an approximate 1,280-acre drilling and spacing unit and approve up to four (4) horizontal wells within the unit, for the drilling of wells and producing of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations. In support of its Application, Applicant states as follows:

1. Applicant is a limited liability company duly authorized to conduct business in Colorado.

2. Applicant owns leasehold interests, and/or is an Owner with the right to drill, in the following lands ("Application Lands"):

Township 10 North, Range 61 West, 6th P.M.
Section 8: S½
Section 17: All
Section 20: N½

Weld County, Colorado

A reference map of the Application Lands is attached as Exhibit B hereto.

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.

4. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission establish an approximate 1,280-acre drilling and spacing unit for following described Application Lands, and approve up to four (4) horizontal wells within the unit, with the treated interval of any well within the unit located no closer than 600 feet from the unit boundary, and no closer than 150 feet from the treated interval of any other wellbore producing from the Niobrara, Fort Hays, Codell, and/or Carlile Formations, without exception being granted by the Director:

Township 10 North, Range 61 West, 6th P.M.

Section 8: S½

Section 17: All

Section 20: N½

5. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Niobrara, Fort Hays, Codell, and Carlile Formations, prevents waste, protects correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Application Lands.

6. The drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells within the unit. Applicant further maintains that wells drilled within the unit will have no adverse effect on correlative rights of adjacent owners.

7. Applicant states that the wells shall not be drilled and operated from more than four (4) surface locations within the unit or from legal locations on adjacent lands, unless an exception is granted by the Director.

8. The names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of the original Application shall be served on each interested party as required by Rule 503.e. Rule 507.b.(1), and Rule 507.c.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that, upon such hearing, this Commission enter its order consistent with Applicant's proposals as set forth above.

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Dated this 31 day of May, 2018.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: _____



Joseph C. Pierzchala
Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
Attorneys for Applicant
1125 17th Street, Suite 2200
Denver, CO 80202
303-830-2500
jpierzchala@wsmtlaw.com
gstorm@wsmtlaw.com

Applicant's Address:

Verdad Resources LLC
ATTN: Lemar Safi
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235
Phone: 214-838-2758

VERIFICATION

STATE OF TEXAS

)

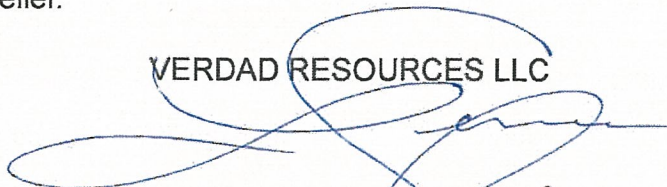
) ss.

COUNTY OF DALLAS

)

Lemar Safi, Landman for Verdad Resources LLC, 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.

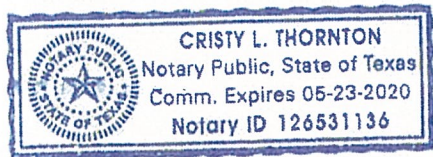
VERDAD RESOURCES LLC



Lemar Safi

Subscribed and sworn to before me this 31st day of May, 2018, by Lemar Safi, Landman for Verdad Resources LLC.

Witness my hand and official seal.



Notary Public

My Commission Expires: 5/23/2020

EXHIBIT A

PARTIES ENTITLED TO NOTICE UNDER RULE 507.c.

Colorado Department of Public Health and Environment

Kent Kuster
4300 Cherry Creek Drive South
Denver, CO 80246-1500

Colorado Parks and Wildlife

Brandon Marette
Northeast Region Office
6060 Broadway
Denver, CO 80216

Weld County

Troy Swain
Weld County
Department of Planning Services
1555 North 17th Ave.
Greeley, CO 80631

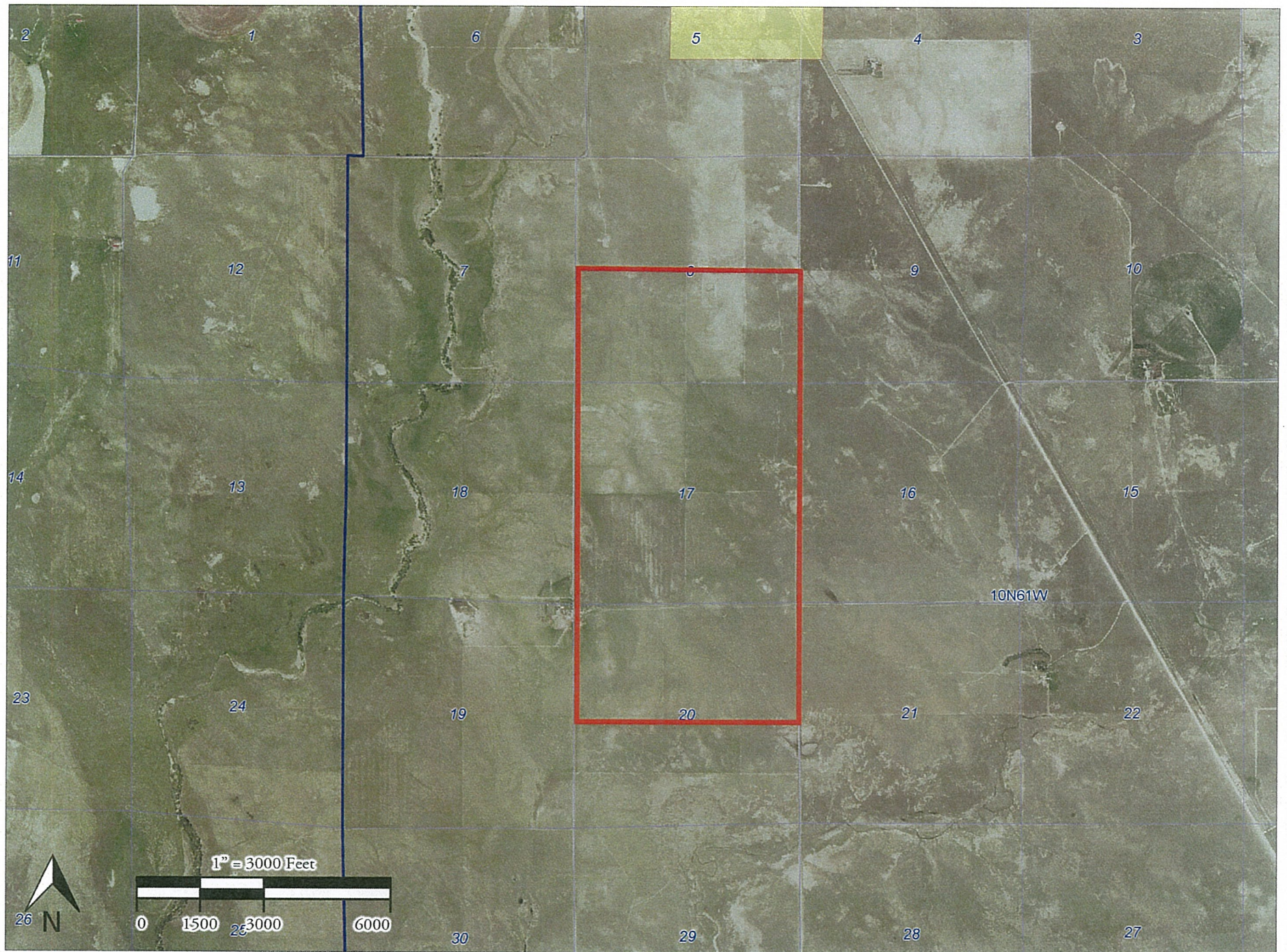
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EXHIBIT A

INTERESTED PARTIES

Cathie McClain
Centennial Mineral Holdings, LLC
Charles F. Holley Jr.
Charlotte E. Rudie, Trustee
Clifford Holley
Clifford Johnson
Clinton Bashor
David Andrew McClain
David Bashor
Diamond Resources CO
Elizabeth Convery
Janet J. May
John P. Lafarge
John Pearce
Jose Baca
Lawrence J. Shupe and Marjorie A. Shupe Revocable Living Trust UTA dated 12/2/1994
Morning Gun Exploration, LLC
Noble Energy WyCo, LLC
Petro-Canada Resources (USA), Inc.
R.V. Borchert Trust
Spur Creek Royalty, Ltd
Thomas Dorrough Trust
Verdad DJ North, LLC
William Bashor

Exhibit B - Application Lands



BEFORE THE OIL AND GAS CONSERVATION COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
VERDAD RESOURCES, LLC FOR AN ORDER)
ESTABLISHING AN APPROXIMATE 1,280-)
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UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 180700566

Type: SPACING

AFFIDAVIT OF MAILING

STATE OF COLORADO §
CITY AND COUNTY OF DENVER §

I, Geoffrey W. Storm, of lawful age, and being first duly sworn upon my oath, state and declare:

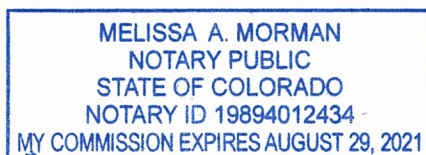
That I am the attorney for Verdad Resources LLC and that on or before June 7, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties on the Exhibit A to the Application.




Geoffrey W. Storm

Subscribed and sworn to before me June 8, 2018

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021