



Cause No. 407

Docket No. 180700567

Type: SPACING

Verdad Resources, LLC, Operator No. 10651 ("Applicant" or "Verdad"), by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this **Amended** Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate 640-acre drilling and spacing unit and establishing well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations covering certain lands in Weld County, Colorado. In support of its **Amended** Application, Applicant states as follows:

2. Applicant owns leasehold interests in the following lands ("Application Lands"):

Section 30: $W^{1/2}$

Weld County, Colorado

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

3. On April 27, 1988, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which was amended on August 8, 2011 to, among other things, address the drilling of horizontal wells. Rule 318A requires that a horizontal

wellbore spacing unit must include any governmental quarter-quarter section that is located less than 460' from the completed interval of the wellbore lateral, and allows for overlapping wellbore units. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of the Greater Wattenberg Area. The Rule does not, however, prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

4. On February 19, 1992 (amended August 20, 1993), the Commission entered Order No. 407-87 which, among other things, established 80-acre drilling and spacing units, for the production of oil, gas, and associated hydrocarbons from the Codell-Niobrara Formations, the Codell Formation, and the Niobrara Formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1. There are vertical wells producing from the Niobrara and Codell Formations within the Application Lands that are subject to this Order. Applicant requests that any such vertical wells continue to be governed by Order No. 407-87, and production continue to be distributed according to their applicable orders.

5. On October 3, 2014, the Commission approved a Form 2 Application for Permit-to-Drill for the Johnson 01N-65W-30-8N Well (API No. 05-123-40331), thereby establishing an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit for such well. On June 29, 2016, the Johnson 01N-65W-30-8N Well was spud, and was subsequently completed to the Niobrara Formation. The Johnson 01N-65W-30-8N Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation.

6. On July 19, 2016, the Commission entered Order No. 407-1759, which pooled all interests in an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit established for the Johnson 01N-65W-30-8N Well covering the E $\frac{1}{2}$ W $\frac{1}{2}$ and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 30, Township 1 North, Range 65 West, 6th P.M., and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Johnson 01N-65W-30-8N Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Applicant Requests that the Johnson 01N-65W-30-8N Well continue to be operated, and proceeds distributed, under the applicable Commission Rules and Orders.

7. On October 12, 2016, the Commission approved a Form 2 Application for Permit-to-Drill for the Lehl 30-7 Well (API No. 05-123-41050), thereby establishing an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit for such well. The Lehl 30-7 Well has not yet been spud. The length of the proposed, productive lateral of the Lehl 30-7 Well is located outside the boundary of the Application Lands.

8. On July 24, 2017, the Commission entered Order No. 407-2150, which pooled all interests in an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit established for the Lehl 30-7 Well covering the E $\frac{1}{2}$ W $\frac{1}{2}$ and the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 30, Township 1 North, Range 65 West, 6th P.M., and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Lehl 30-7 Well, for the production of oil, gas, and associated hydrocarbons from the Codell Formation. Applicant Requests that, in the event the Lehl 30-7 is drilled and completed, that proceeds be distributed under the applicable Commission Rules and Orders.

9. On December 18, 2017, the Commission approved a Form 2 Application for Permit-to-Drill for the Azul 13-25HZ Well (API No. 05-123-46100), thereby establishing an approximate 400-acre Rule 318A designated horizontal wellbore spacing unit for such well. On February 4, 2018, the Azul 13-25HZ Well was spud to target the Codell Formation. The length of the proposed, productive lateral of the Azul 13-25HZ Well is located outside the boundary of the Application Lands.

10. On December 18, 2017, the Commission approved a Form 2 Application for Permit-to-Drill for the Azul 13-24HZ Well (API No. 05-123-46106), thereby establishing an approximate 400-acre Rule 318A designated horizontal wellbore spacing unit for such well. On February 3, 2018, the Azul 13-24HZ Well was spud to target the Niobrara Formation. The length of the proposed, productive lateral of the Azul 13-24HZ Well is located outside the boundary of the Application Lands.

11. On December 18, 2017, the Commission approved a Form 2 Application for Permit-to-Drill for the Azul 13-30HZ Well (API No. 05-123-46114), thereby establishing an approximate 400-acre Rule 318A designated horizontal wellbore spacing unit for such well. On February 7, 2018, the Azul 13-30HZ Well was spud to target the Codell Formation. The length of the proposed, productive lateral of the Azul 13-30HZ Well is located outside the boundary of the Application Lands.

12. On March 19, 2018, the Commission entered Order No. 407-2414, which pooled all interests in two approximate 400-acre designated horizontal wellbore spacing units for the following described lands, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Azul 13-24HZ Well (API No. 05-123-46106) and the Azul 13-25HZ Well (API No. 05-123-46100), for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations:

Township 1 North, Range 66 West, 6th P.M.

Section 13: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 24: E $\frac{1}{2}$ E $\frac{1}{2}$

Township 1 North, Range 65 West, 6th P.M.

Section 18: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 19: W $\frac{1}{2}$ W $\frac{1}{2}$

Applicant Requests that the Azul 13-24HZ Well and the Azul 13-25HZ Well continue to be operated, and any proceeds distributed, under the applicable Commission Rules and Orders.

13. On March 19, 2018, the Commission entered Order No. 407-2415, which pooled all interests in an approximate 400-acre designated horizontal wellbore spacing unit for the following described lands, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Azul 13-30HZ Well (API No. 05-123-46114), for the production of oil, gas, and associated hydrocarbons from the Codell Formation:

Township 1 North, Range 66 West, 6th P.M.

Section 13: E $\frac{1}{2}$ E $\frac{1}{2}$

Section 24: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Township 1 North, Range 65 West, 6th P.M.

Section 18: W $\frac{1}{2}$ W $\frac{1}{2}$

Section 19: NW $\frac{1}{4}$ NW $\frac{1}{4}$

Applicant Requests that the Azul 13-30HZ Well continues to be operated, and any proceeds distributed, under the applicable Commission Rules and Orders.

14. To promote efficient drainage of the Niobrara and Codell Formations within the Application Lands and to assist in preventing waste, Applicant requests that the Commission establish an approximate 640-acre drilling and spacing unit for the Application Lands described below, and approve up to eight (8) horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations:

Township 1 North, Range 65 West, 6th P.M.

Section 19: W $\frac{1}{2}$

Section 30: W $\frac{1}{2}$

15. Applicant requests that the permitted wells within the unit be located no closer than 300 feet from the northern **and southern** unit **boundaries boundary**, no closer than 460 feet from the ~~southern~~, eastern, and western unit boundaries, and no closer than 150 feet from the treated interval of any other wellbore producing from the Niobrara and/or Codell Formations, unless an exception is granted by the Director.

16. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Niobrara and Codell Formations, prevents waste, protects correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Niobrara and Codell Formations. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by eight (8) horizontal wells producing from the benches of the Niobrara and Codell Formations. Applicant maintains that wells drilled in the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

17. Applicant states that the wells shall be drilled and operated from no more than two (2) surface locations within the unit or at legal locations on adjacent lands, unless an exception is granted by the Director.

18. 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, **or the Amended Application** shall be served on each interested party as required by Rule 503.e. and Rule 507.b.(1). **Applicant also certifies that each interested party will be delivered notice at least 35 days in advance of the date of hearing.**

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.

Dated this 14 day of ~~June~~ 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

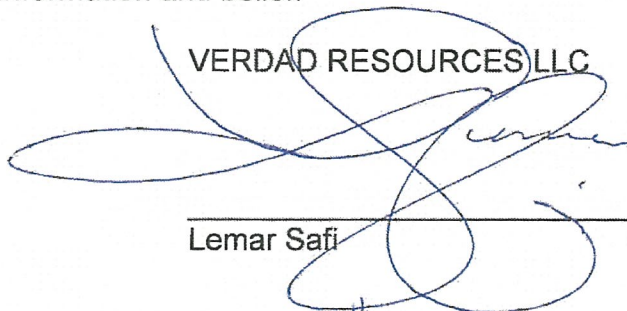
Applicant's Address:

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)

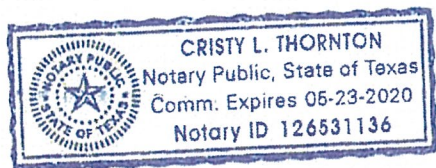
Lemar Safi, Landman with Verdad Resources LLC, upon oath deposes and says that he has read the foregoing **Amended** Application and that the statements contained therein are true to the best of his knowledge, information and belief.

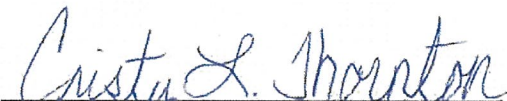
VERDAD RESOURCES LLC


Lemar Safi

Subscribed and sworn to before me this 14th day of June, 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

INTERESTED PARTIES

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

Town of Lochbuie

Steve Stamey
Town of Lochbuie
703 Weld CR 37
Lochbuie, CO 80603

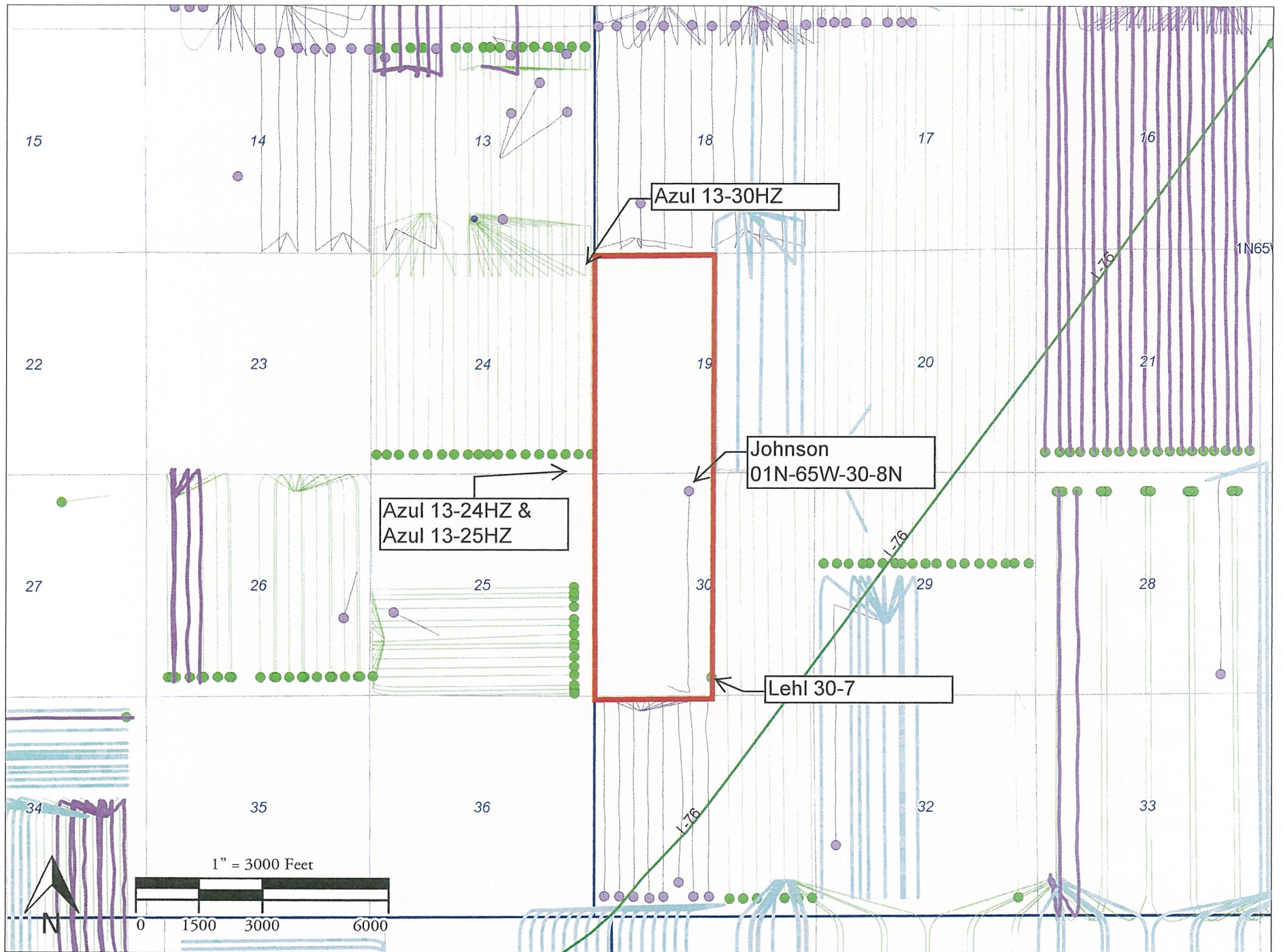
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EXHIBIT A

INTERESTED PARTIES

Kerr-McGee Oil and Gas Onshore LP
Lochbuie Land I LLC
Travis Dean & Kimberly J. Conover
Trinity Energy Corporation
Crestone Peak Resources Holdings LLC
BSNF Railway Co.
Robert S. Pirtle

Exhibit B - Application Lands



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

IN THE MATTER OF THE **AMENDED**)
APPLICATION OF VERDAD RESOURCES LLC.)
FOR AN ORDER ESTABLISHING AN)
APPROXIMATE 640-ACRE DRILLING AND)
SPACING UNIT AND ESTABLISHING WELL)
LOCATION RULES APPLICABLE TO THE)
DRILLING OF WELLS AND PRODUCING OF)
OIL, GAS, AND ASSOCIATED)
HYDROCARBONS FROM THE NIOBRARA AND)
CODELL FORMATIONS FOR THE W½ OF)
SECTION 19, AND THE W½ OF SECTION 30,)
TOWNSHIP 1 NORTH, RANGE 65 WEST, 6TH)
P.M., WATTENBERG FIELD, WELD COUNTY,)
COLORADO.)

Cause No. 407

Docket No. 180700567

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:

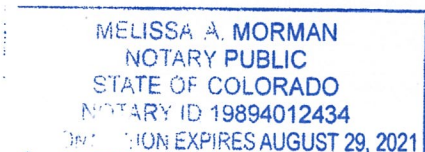
That I am the attorney for Verdad Resources LLC and that on or before June 25, 2018, I caused a copy of the attached **Amended** Application to be deposited in the United States mail, postage prepaid, addressed to the additional parties on the Exhibit A to the **Amended** Application.




Geoffrey W. Storm

Subscribed and sworn to before me June 29, 2018

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021