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JUN 29 2018

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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 SECTIONS 11 AND 14, )  
TOWNSHIP 8 NORTH, RANGE 61 WEST, 6TH )  
P.M., UNNAMED FIELD, WELD COUNTY, )  
COLORADO )

Cause No. 535

Docket No. 180900643

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 sixteen (16) 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 8 North, Range 61 West, 6th P.M.  
Section 11: All  
Section 14: All

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. On February 22, 2011, the Commission entered Order No. 535-3, which established 160 approximate 640-acre drilling and spacing units for certain lands in Townships 8, 9, and 10, North, Ranges 58, 59, 60, 61, and 62 West, 6<sup>th</sup> P.M., and approved one horizontal well in each unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries, without exception being granted by the Director. Section 11 of the Application Lands is subject to this order for the Niobrara Formation.

5. On September 14, 2011, the Commission approved one Form 2 Application for Permit-to-Drill for the WCR100 Group 14-11-8-61 Well (API No. 05-123-34356). On April 16, 2012, the WCR100 Group 14-11-8-61 Well was spud, and ultimately completed to the Niobrara Formation. The WCR100 Group 14-11-8-61 Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation. Applicant is the Operator of the WCR100 Group 14-11-8-61 Well, and requests that the well continue to be operated, and proceeds continue to be distributed, in accordance with its applicable rules and orders.

6. On October 31, 2011, the Commission entered Order No. 535-92, which established two approximate 640-acre drilling and spacing units for Section 14, Township 8 North, Range 61 West, 6th P.M., and Section 15, Township 8 North, Range 61 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 treated interval of the permitted wellbore to be located no closer than 600 feet from the boundary of the unit and no closer than 1,200 feet from the treated interval of any other wellbore completed in the Niobrara, without exception being granted by the Director. Section 14 of the Application Lands is subject to this order for the Niobrara Formation.

7. On November 30, 2011, the Commission approved one Form 2 Application for Permit-to-Drill for the Vawter 1-11-41-8-61 Well (API No. 05-123-34768). On December 24, 2011, the Vawter 1-11-41-8-61 Well was spud, and ultimately completed to the Niobrara Formation. The Vawter 1-11-41-8-61 Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation. Applicant is the Operator of the Vawter 1-11-41-8-61 Well, and requests that the well continue to be operated, and proceeds continue to be distributed, in accordance with its applicable rules and orders.

8. On December 12, 2011, the Commission entered Order No. 535-106, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-3 for Section 11, Township 8 North, Range 61 West, 6th P.M., and granted cost recovery pursuant to Section 34-60-116(7), C.R.S., against any nonconsenting owners in the well drilled on the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Section 11 of the Application Lands is subject to this order for the Niobrara Formation.

9. On November 15, 2012, the Commission entered Order No. 535-215, which approved up to two horizontal wells within each of two approximate 640-acre drilling and spacing units established by Order No. 535-3, one covering Section 11, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in

the unit, without exception being granted by the Director. Section 11 of the Application Lands is subject to this order for the Niobrara Formation.

10. On January 7, 2013, the Commission entered Order No. 535-238, which approved up to six horizontal wells within each of ten approximate 640-acre drilling and spacing units, one covering Section 14, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. Section 14 of the Application Lands is subject to this order for the Niobrara Formation.

11. On January 7, 2013, the Commission entered Order No. 535-239, which approved up to six horizontal wells within each of eight approximate 640-acre drilling and spacing units, one covering Section 11, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. Section 11 of the Application Lands is subject to this order for the Niobrara Formation.

12. On March 25, 2013, the Commission entered Order No. 535-295, which approved up to six horizontal wells within each of two approximate 640-acre drilling and spacing units, one covering Section 11, Township 8 North, Range 61 West, 6th P.M., for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. Section 11 of the Application Lands is subject to this order for the Niobrara Formation.

13. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission:

(i) Modify an approximate 640-acre pooled drilling and spacing unit for Section 11, Township 8 North, Range 61 West, 6th P.M., to be specific to the Vawter 1-11-41-8-61 Well, and to disallow any future wells from being drilled on the unit;

(ii) Modify an approximate 640-acre drilling and spacing unit for Section 14, Township 8 North, Range 61 West, 6th P.M., to be specific to the WCR100 Group 14-11-8-61 Well, and to disallow any future wells from being drilled on the unit;

(iii) Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approve a total of up to sixteen (16) additional horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations, with the treated interval of any well within the unit located no closer than 300 feet from the unit boundary, and no closer than 165 feet from the treated interval of any other wellbore producing from the same common source of supply within the unit, without exception being granted by the Director.

14. 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, does not adversely affect correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the Application Lands.

15. 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. Applicant intends to target the Niobrara and Codell Formations. However, Applicant requests that the Fort Hays and Carlile Formations be included within the unit to account for the relative thickness of the Codell Formation in this area. Any unintentional deviation of a permitted Codell formation horizontal well into the Fort Hays Formation or the Carlile Formation will not materially impact the drainage calculations or economics, and the requested wellbore density is appropriate for the proposed 1,280-acre drilling and spacing unit.

16. Applicant states that the wells be drilled and operated from three (3) surface locations within the unit or from legal locations on adjacent lands, without exception granted by the Director.

17. 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.

[remainder of this page intentionally left blank]

Dated this 28 day of June, 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 COLORADO                     )  
  ) ss.  
COUNTY OF DENVER                    )

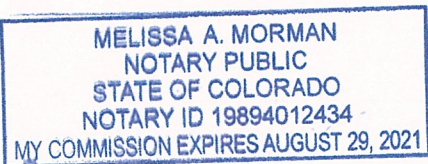
Lemar Safi, Landman for Verdad Resources LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

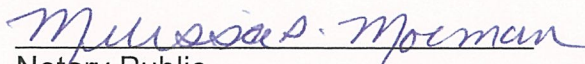
VERDAD RESOURCES LLC

  
\_\_\_\_\_  
Lemar Safi

Subscribed and sworn to before me this 28<sup>th</sup> day of June, 2018, by Lemar Safi, Landman for Verdad Resources LLC.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 8/29/2021

**EXHIBIT A**

**PARTIES ENTITLED TO NOTICE UNDER RULE 507.c.**

**Colorado Department of Public Health and Environment**

Attn: Oil and Gas Liaison  
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 17<sup>th</sup> Ave.  
Greeley, CO 80631

[remainder of page intentionally left blank]

## EXHIBIT A

### INTERESTED PARTIES

Bison Oil & Gas II, LLC  
DPOC, LLC  
Grizzly Petroleum Company, LLC  
GT Reed and Associates, LLC  
Haimo Oil & Gas, LLC  
IOCL (USA) Inc.  
Noble Energy VII, LLC  
Noble Energy WyCo, LLC  
Noble Energy, Inc.  
Norwood Land Services, LLC  
Oil India (USA) Inc.  
OOGC America, LLC



## Exhibit B - Application Lands





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-  
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P.M., UNNAMED FIELD, WELD COUNTY,  
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Type: SPACING

AFFIDAVIT OF MAILING

STATE OF COLORADO

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CITY AND COUNTY OF DENVER

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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 29, 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 July 9, 2018

Witness my hand and official seal.

Melissa S. Moorman  
Notary Public  
My commission expires: 8/29/2021

