

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

IN THE MATTER OF AN SECOND AMENDED)	Cause No. 535
APPLICATION BY VERDAD RESOURCES, LLC)	
FOR AN ORDER TO MODIFY AN)	Docket No. 180900659
APPROXIMATE 640-ACRE DRILLING AND)	
SPACING UNIT TO INCLUDE THE FORT HAYS,)	Type: SPACING
CODELL, AND CARLILE FORMATIONS, AND)	
TO ESTABLISH WELL LOCATION RULES)	
APPLICABLE TO THE DRILLING OF WELLS)	
AND PRODUCING OF OIL, GAS, AND)	
ASSOCIATED HYDROCARBONS FROM THE)	
NIOBRARA, FORT HAYS, CODELL, AND)	
CARLILE FORMATIONS FOR SECTION 14,)	
TOWNSHIP 8 NORTH, RANGE 60 WEST, 6TH)	
P.M., UNNAMED FIELD, WELD COUNTY,)	
COLORADO)	

SECOND AMENDED APPLICATION

Verdad Resources, LLC (“Applicant” or “Verdad”), Operator No. 10651, by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this **Second Amended** Application to the Oil and Gas Conservation Commission of the State of Colorado (“Commission”) for an order modifying an approximate 640-acre drilling and spacing unit established by Order No. 535-69 for Section 14, Township 8 North, Range 60 West, 6th P.M. to include the Fort Hays, Codell, and Carlile Formations and to establish well location rules such that the treated interval of each wellbore within the unit shall be located no closer than 300 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located within the unit. In support of its **Second Amended** 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 the right to drill, and is an Owner as defined by Commission rules, in the following lands (“Application Lands”):

Township 8 North, Range 60 West, 6th P.M.
Section 14: All

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 September 19, 2011, the Commission entered Order No. 535-69, which established 40 approximate 640-acre drilling and spacing units for certain lands in Townships 7, 8, and 9 North, Ranges 58, 59, 60, and 61 West, 6th P.M., and approved two horizontal wells 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. The Application Lands are subject to this order for the Niobrara Formation.

5. On March 15, 2013, the Commission approved one Form 2 Application for Permit-to-Drill the Schneider 1-14-8-60 Well (API No. 05-123-36995). The Schneider 1-14-8-60 Well was spud on June 28, 2013, and was subsequently completed to the Niobrara Formation. The Schneider 1-14-8-60 Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation.

6. On April 29, 2013, the Commission approved one Form 2 Application for Permit-to-Drill the Schneider 2-14-8-60 Well (API No. 05-123-37240). The Schneider 2-14-8-60 Well was spud on July 9, 2013, and was subsequently completed to the Niobrara Formation. The Schneider 2-14-8-60 Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation.

7. On July 29, 2013, the Commission entered Order No. 535-367, which approved up to thirteen horizontal wells within an approximate 640-acre drilling and spacing unit established by Order No. 535-3 for Section 14, Township 8 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbores to be no closer than 600 feet from the unit boundaries, and no closer than 300 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. The Application Lands are subject to this order for the Niobrara Formation.

8. On July 29, 2013, the Commission entered Order No. 535-391, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-3 for Section 14, Township 8 North, Range 60 West, 6th P.M., and approved cost-recovery against any nonconsenting owners in the Schneider 2-14-8-60 Well, 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 C.R.S. §34-60-116(7)(b)(II) are first incurred for the drilling of the Schneider 2-14-8-60 Well. The Application Lands are subject to this order for the Niobrara Formation.

9. On January 27, 2014, the Commission entered Order No. 535-457, which approved one additional horizontal well within an approximate 640-acre drilling and spacing unit established by Order No. 535-3 for Section 14, Township 8 North, Range 60 West, 6th P.M., for a total of up to 14 horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbores to be located no closer than 300 feet from the productive interval of any other wellbore producing from the Niobrara Formation, and no closer than 300 feet from the exterior boundaries of the unit, except along the east and west section lines of Section 14, Township 8 North, Range 60 West, 6th P.M. which shall be no closer than 600 feet from the exterior unit boundary, with a further

exception allowing for corresponding reciprocal setbacks of 300 feet along the eastern section line of Section 14, Township 8 North, Range 60 West, 6th P.M. upon application and approval of 300 foot boundary setbacks by the Commission for the western boundary of Section 13, Township 8 North, Range 60 West, 6th P.M. and corresponding reciprocal setbacks of 300 feet along the western section line of Section 14, Township 8 North, Range 60 West, 6th P.M. upon application and approval of 300 foot boundary setbacks by the Commission for the eastern section line of Section 15, Township 8 North, Range 60 West, 6th P.M., without exception being granted by the Director. Order No. 535-457 further provided that the Wells shall be located on no more than one wellpad per quarter section within the drilling and spacing unit. The Application Lands are subject to this order for the Niobrara Formation.

10. To promote efficient drainage, and to prevent waste, Applicant requests that the Commission modify an approximate 640-acre drilling and spacing unit established by Order No. 535-69 for the below-described Application Lands to include the Fort Hays, Codell, and Carlile Formations for the production of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations, and to establish well location rules such that the treated interval of each wellbore within the unit shall be located no closer than 300 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located within the unit, unless an exception is granted by the Director:

Township 8 North, Range 60 West, 6th P.M.
Section 14: All

11. Applicant requests no additional wells within the 640-acre drilling and spacing unit established by Order No. 535-69 for Application Lands, for a total of fourteen (14) horizontal wells within the unit drilled to target the respective benches of the Niobrara and Codell Formations. Applicant requests authority to drill **only** those wells necessary to determine the appropriate well density that allows for the most economic and efficient drainage of the Niobrara, Fort Hays, Codell, and Carlile Formations, that prevents waste, that protects correlative rights, and that assures the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Application Lands.

12. The proposed drilling and spacing unit is not smaller than the maximum area that can be drained by the proposed wells within the unit, and will have no adverse effect on correlative rights of adjacent owners.

13. Applicant states that the wells be drilled and operated from two (2) surface locations within the unit or from legal locations on adjacent lands, without exception granted by the Director.

14. 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 ~~this the~~ Application ~~shall be~~ **were** served on each interested party within seven (7) days after filing of the Application as required by Rules 503.e., 507.b.(1), and 507.c. **Applicant further certifies that all interested parties will be mailed notice of this Second Amended Application at least 35 days ahead of the 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 ___th day of ~~July~~ **August**, 2018.

Respectfully submitted,
WELBORN SULLIVAN MECK & TOOLEY, P.C.

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

Attorneys for Verdad Resources, LLC

Applicant's Address:

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

EXHIBIT A

INTERESTED PARTIES

Weld County

Jason Maxey
Weld County
Department of Planning Services
1555 North 17th Ave.
Greeley CO 80631

Colorado Department of Public Health and Environment

Attn: Oil and Gas Liaison
4300 Cherry Creek Dr. South
Denver, CO 80246-1530

Colorado Division of Wildlife

Northeast Region Office
6060 Broadway
Denver, CO 80216

EXHIBIT A

INTERESTED PARTIES

Noble Energy WyCo, LLC
OIL India (USA), Inc.
Noble Energy VII, LLC
IOCL (USA), Inc.
Chesapeake Exploration, LLC
Haimo Oil & Gas LLC
Noble Energy Inc.
DPOC, LLC
Morning Gun Exploration LLC