

**BEFORE THE OIL & GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO**

IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER (1) ESTABLISHING AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 25, 26, 35, AND 36, TOWNSHIP 5 NORTH, RANGE 67 WEST, 6TH P.M. AND AUTHORIZING THE DRILLING OF UP TO 52 HORIZONTAL WELLS FOR PRODUCTION FROM THE NIOBRARA AND CODELL FORMATIONS; AND (2) AMENDING SETBACKS IN AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 407-1955 FOR SECTIONS 31, 32, 33, AND 34, TOWNSHIP 5 NORTH, RANGE 66 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE NIOBRARA AND CODELL FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING AND  
REDUCED  
SETBACKS

**APPLICATION**

SRC Energy Inc. (Operator No. 10311) ("SRC" or "Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to (1) establish an approximate 2,560-acre drilling and spacing unit for Sections 25, 26, 35, and 36, Township 5 North, Range 67 West, 6<sup>th</sup> P.M., and authorize the drilling of up to 52 horizontal wells within the proposed unit; and (2) amend setbacks in an approximate 2,560-acre drilling and spacing unit established by Order No. 407-1955, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant owns a leasehold interest in the below-listed lands:

Township 5 North, Range 67 West, 6<sup>th</sup> P.M.

Section 25: All

Section 26: All

Section 35: All

Section 36: All

2,560 acres, more or less, Weld County, Colorado.

These lands are hereinafter referred to as the "Application Lands" and depicted in Exhibit A attached hereto.

Township 5 North, Range 66 West, 6<sup>th</sup> P.M.

Section 31: All

Section 32: All

Section 33: All

Section 34: All

2,560 acres, more or less, Weld County, Colorado.

These lands are hereinafter referred to as the "Order No. 407-1955 Lands" and depicted in Exhibit A. Collectively, the Application Lands and the Order No. 407-1955 Lands are sometimes hereinafter referred to as the "Subject Lands."

3. On February 19, 1992 (amended August 20, 1993), the Commission issued Order 407-87, which, among other things, established 80-acre drilling and spacing units for production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the permitted well locations to be in accordance with Order No 407-1. The Subject Lands are subject to this Order for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations.

4. On April 27, 1998, the Commission adopted Rule 318A. which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A. was again amended to, among other things, address drilling of horizontal wells. The Subject Lands are subject to Rule 318A.

Prior Orders applicable to Application Lands

5. On May 1, 2017, the Commission entered Order No 407-1961 which, among other things, established an approximate 1,280-acre drilling and spacing unit for Sections 25 and 26, Township 5 North, Range 67 West, 6<sup>th</sup> P.M., and authorized up to 13 horizontal wells for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations.

6. The online records maintained by the COGCC indicate that numerous vertical and directional wells are currently producing from the Codell and/or Niobrara Formations in the Application Lands (as well as in the Order No 407-1955 Lands), as depicted on Exhibit B attached hereto. Applicant hereby confirms that each of these wells shall remain subject to applicable spacing orders of the Commission, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable spacing orders for these wells. As of the date of this Application, no horizontal wells have been drilled within the proposed unit.

Establishing an approximate 2,560-acre drilling and spacing unit and authorizing up to 52 horizontal wells for development of the Niobrara and Codell Formations for the Application Lands

7. Applicant requests the Commission establish the Application Lands as an approximate 2,560-acre drilling and spacing unit for the Niobrara and Codell Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Niobrara and Codell Formations.

8. Applicant requests it be authorized to drill and complete up to 52 horizontal wells in the approximate 2,560-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

Setback and Location Requirements of Proposed Drilling and Spacing Unit

9. Applicant requests that setback and location requirements for the Application Lands be as follows:

a. Any horizontal wells to be drilled under this Application for production from the Niobrara and Codell Formations will be drilled from the surface of the drilling unit, or on adjacent lands with consent of the landowner, from no more than five (5) surface locations, unless an exception is granted by the Director.

b. The wellbores of any horizontal wells to be drilled under this Application may enter the Niobrara and Codell Formations anywhere within the unit, or on adjacent lands, without exception being granted by the Director.

c. For any permitted wells to be drilled under this Application, the treated intervals of the wellbore should be no closer than 460 feet from the northern and southern boundaries of the proposed unit and no closer than 150 feet from the eastern and western boundaries of the proposed unit, with an inter-well setback of no closer than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director. The wells are to be drilled with an east/west orientation.

Reducing boundary setbacks on Order No. 407-1955 Lands for development of the Niobrara and Codell Formations

10. On May 1, 2017, the Commission entered Order No. 407-1955, which among other things, established an approximate 2,560-acre drilling and spacing unit covering Sections 31, 32, 33, and 34, Township 5 North, Range 66 West, 6<sup>th</sup> P.M., and authorized the drilling of up to 26 horizontal wells within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell

Formations, with the treated intervals of the wellbore of any permitted wells to be located no closer than 460 feet from the boundaries of the proposed unit, with an inter-well setback of no closer than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director.

11. On July 24, 2017, the Commission entered Order Nos. 407-2114 which, among other things, amended the inter-well setbacks for the approximate 2,560-acre drilling and spacing unit established by Docket No. 407-1955 "to allow not less than 100 feet from the productive interval of another well within the unit," unless an exception is granted by the Director.

12. Applicant has approved applications for permits-to-drill within the Order No. 407-1955 Lands, and is therefore the operator of the drilling and spacing unit established by Order No. 407-1955, which lies to the east of the proposed drilling and spacing unit.

13. Applicant hereby requests that the setbacks established by Order No. 407-1955 be modified such that for any permitted wells, the treated intervals of the wellbore should be no closer than 150 feet from the western boundary of the drilling and spacing unit, with an inter-well setback of no closer than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director. The requested reduction in setbacks for the western boundary of the drilling and spacing units will be reciprocal to those setbacks requested for the proposed drilling and spacing unit for the Application Lands.<sup>1</sup> Applicant is not requesting to modify the boundary setbacks established for the northern, southern, or eastern boundaries of the Order No. 407-1955 Lands.

14. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §§34-60-101, *et seq.*, C.R.S., and the Commission rules.

15. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

16. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within fifteen days of the filing hereof, as required by Rule 503.e.

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:

A. Establishing an approximate 2,560-acre drilling and spacing unit for Application Lands, and authorizing the drilling of up to 52 horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the treated intervals of the wellbore of any permitted wells to be

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<sup>1</sup> Applicant's setback request is also consistent with the setbacks authorized by Order No. 407-2436 in the drilling and spacing adjacent to the south of the Order No. 407-1955 Lands.

located not more than 460 feet from the northern and southern boundaries of the proposed unit and not less than 150 feet from the eastern and western boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, unless an exception is granted by the Director.

B. Modifying setbacks in an approximate 2,560-acre drilling and spacing unit established by Order No. 407-1955 such that the treated intervals of the wellbore of any permitted wells to be located no closer than 150 feet from the western boundary of the drilling and spacing unit, unless an exception is granted by the Director.

C. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 30<sup>th</sup> day of July, 2018.

Respectfully submitted,

**SRC ENERGY INC.**

By: Jobediah J. Rittenhouse  
Jillian Fulcher  
James Parrot  
Jobediah J. Rittenhouse  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16th Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-5299  
jfulcher@bwenergylaw.com  
jparrot@bwenergylaw.com  
jrittenhouse@bwenergylaw.com

Address of Applicant  
SRC Energy Inc.  
ATTN: Matthew Johnson  
1625 Broadway, Suite 300  
Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO            )  
  ) ss.  
CITY & COUNTY OF DENVER    )

I, Matthew Johnson, Landman for SRC Energy Inc., upon oath depose and state that I have read the foregoing Application and that the statements contained therein are true to the best my knowledge, information, and belief.

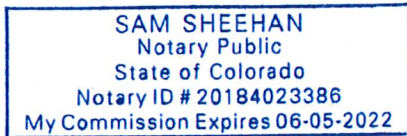
SRC ENERGY INC.

  
Matthew Johnson

Subscribed and sworn to before me this 30 day of July,  
2018, by Matthew Johnson, Landman for SRC Energy Inc.

Witness my hand and official seal.

My commission expires: 06-05-2022



  
Notary Public

## Exhibit A

### Reference Map for Application

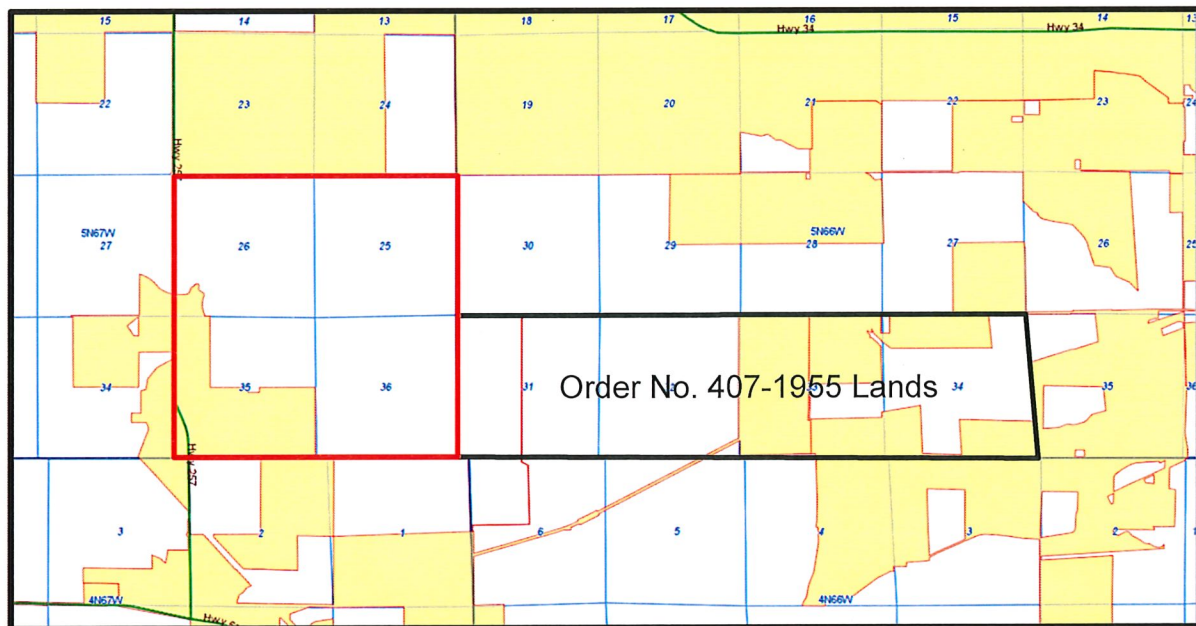
#### Township 5 North, Range 67 West, 6<sup>th</sup> P.M.

Section 25: All  
Section 26: All  
Section 35: All  
Section 36: All

#### Township 5 North, Range 66 West, 6<sup>th</sup> P.M.

Section 31: All  
Section 32: All  
Section 33: All  
Section 34: All

Weld County, Colorado



= Application Lands



## EXHIBIT B

### Producing Vertical and Directional Wells

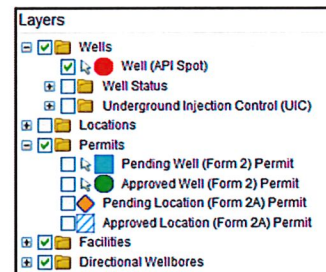
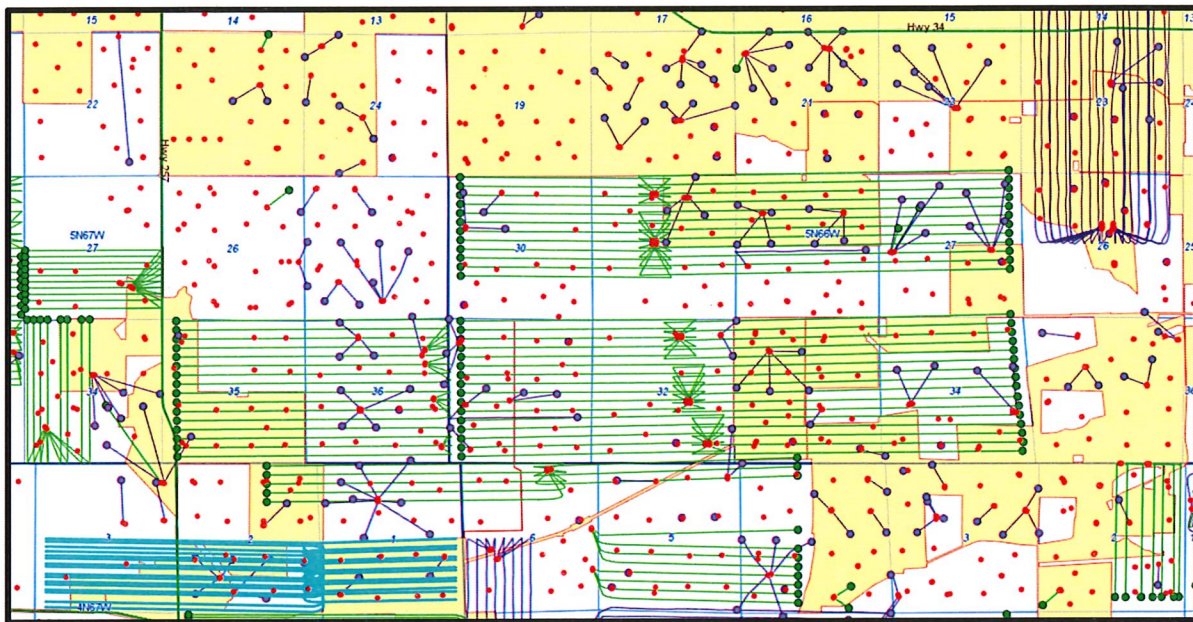
Township 5 North, Range 67 West, 6<sup>th</sup> P.M.

Section 25: All  
Section 26: All  
Section 35: All  
Section 36: All

Township 5 North, Range 66 West, 6<sup>th</sup> P.M.

Section 31: All  
Section 32: All  
Section 33: All  
Section 34: All

Weld County, Colorado





IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER (1) ESTABLISHING AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 25, 26, 35, AND 36, TOWNSHIP 5 NORTH, RANGE 67 WEST, 6TH P.M. AND AUTHORIZING THE DRILLING OF UP TO 52 HORIZONTAL WELLS FOR PRODUCTION FROM THE NIOBRARA AND CODELL FORMATIONS; AND (2) AMENDING SETBACKS IN AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 407-1955 FOR SECTIONS 31, 32, 33, AND 34, TOWNSHIP 5 NORTH, RANGE 66 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE NIOBRARA AND CODELL FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

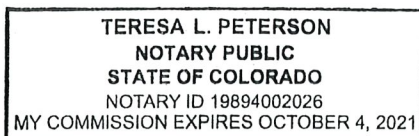
TYPE: SPACING AND  
REDUCED  
SETBACKS

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for SRC Energy, Inc., and on or before the 6th day of August, 2018, caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A attached here.

Subscribed and sworn to before me this 30 day of July, 2018.

Notary Public



## EXHIBIT A

### INTERESTED PARTIES

COLORADO ENERGY MINERALS, INC  
PO BOX 899  
DENVER, CO 80201-0899

MICHAEL L. SKINNER REVOCABLE LIVING  
TRUST, MICHAEL L. SKINNER TRUSTEE  
PO BOX 3407  
GILLETTE, WY 82717-3407

HARRIET B. LEVY  
8101 E DARMOUTH AVE UNIT 10  
ENGLEWOOD, CO 80231

BARRY L. SNYDER  
2600 S. LEWIS WAY # 102  
LAKEWOOD, CO 80227-2826

KERR-MCGEE OIL & GAS ONSHORE LP  
1099 18TH STREET SUITE 1800  
DENVER, CO 80202

ROBERT STROH & MARIE STROH  
19463 WCR 19  
JOHNSTOWN, CO 80534

CHERLY KASTEN  
511 N. SHOLDT DR  
PLATTEVILLE, CO 80651

WETCO FARMS INC  
2055 1ST AVENUE  
GREELEY, CO 80631

DAYLA CARVER  
ESTATE OF LYDIA G. STROH  
PO BOX 28  
SPRINGERVILLE, AZ 85938-0028

BRANDON MARETTE, ENERGY LIAISON  
COLORADO PARKS AND WILDLIFE  
NORTHEAST REGION OFFICE  
6060 BROADWAY  
DENVER, CO 80216

TROY SWAIN  
WELD COUNTY  
DEPARTMENT OF PLANNING SERVICES  
1555 NORTH 17<sup>TH</sup> AVENUE  
GREELEY, CO 80631

STEPHEN B. EVANS & CO.  
PO BOX 3190  
CENTENNIAL, CO 80161-3190

B. LEVY FAMILY PARTNERS, LTD.  
8933 EAST UNION AVE SUITE 216  
ENGLEWOOD, CO 80111

TAKU RESOURCES LLC  
PO BOX 3190  
CENTENNIAL, CO 80161-3190

NOBLE ENERGY, INC.  
1625 BROADWAY SUITE 2200  
DENVER, CO 80202

SHEPLER & THOMAS, INC.  
3500 S BOULEVARD #2B  
EDMOND, OK 73013

CARLENE M. STROH  
1105 N 2ND ST  
JOHNSTOWN, CO 80534

KAREN S CURRIER  
16405 QUEENSVIEW ST  
HUDSON, CO 80642

WESTERN EQUIPMENT AND TRUCK  
2055 1ST AVENUE  
GREELEY, CO 80631

BETTY PHILLIPS  
PR OF ESTATE OF SHIRLEY M. STROH  
5745 FERN ST  
WEST RICHLAND, WA 99353-9232

KENT KUSTER  
OIL & GAS CONSULTANT COORDINATOR  
COLORADO DEPARTMENT OF  
PUBLIC HEALTH & ENVIRONMENT  
4300 CHERRY CREEK DRIVE SOUTH  
DENVER, CO 80246-1530

**BEFORE THE OIL & GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO**

IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER (1) ESTABLISHING AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 25, 26, 35, AND 36, TOWNSHIP 5 NORTH, RANGE 67 WEST, 6TH P.M. AND AUTHORIZING THE DRILLING OF UP TO 52 HORIZONTAL WELLS FOR PRODUCTION FROM THE NIOBRARA AND CODELL FORMATIONS; AND (2) AMENDING SETBACKS IN AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 407-1955 FOR SECTIONS 31, 32, 33, AND 34, TOWNSHIP 5 NORTH, RANGE 66 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE NIOBRARA AND CODELL FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING AND  
REDUCED  
SETBACKS

**MOTION FOR PUBLICATION OF SUMMONS**

SRC Energy Inc. (Operator No. 10311) ("SRC" or "Applicant"), by and through its through its attorneys, Beatty & Wozniak, P.C., respectfully files this Motion for Publication of Summons ("Motion") to the Colorado Oil and Gas Conservation Commission of the State of Colorado ("COGCC" or "Commission") for an Order to serve unlocatable interested parties by Publication of Summons. In support of its Motion, SRC states and alleges the following:

1. On July 30, 2018, SRC filed a verified application ("Application") with the COGCC for an order to (1) establish an approximate 2,560-acre drilling and spacing unit for Sections 25, 26, 35, and 36, Township 5 North, Range 67 West, 6th P.M., and authorize the drilling of up to 52 horizontal wells within the proposed unit; and (2) amend setbacks in an approximate 2,560-acre drilling and spacing unit established by Order No. 407-1955, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations

2. The Application Lands are as follows:

Township 5 North, Range 67 West, 6<sup>th</sup> P.M.

Section 25: All

Section 26: All

Section 35: All

Section 36: All

2,560 acres, more or less, Weld County, Colorado.

3. The lands subject to Order No. 407-1955 are as follows:

Township 5 North, Range 66 West, 6<sup>th</sup> P.M.

Section 31: All

Section 32: All

Section 33: All

Section 34: All

Collectively, the Application Lands and the Order No. 407-1955 Lands are sometimes hereinafter referred to as the "Subject Lands."

4. Pursuant to Commission Rule 507.b.(1) and (4), notice of applications creating drilling units and/or changing well location setbacks must be served on those persons who own any interest in the mineral estate of the tracts to be pooled, except owners of an overriding royalty interest. Section 34-60-108(4), C.R.S. of the Oil and Gas Conservation Act mandates that where notice of an application for the entry of a pooling order is not served to interested parties by mail, the same shall be served in accordance with the Colorado Rules of Civil Procedure for the service of process in civil actions in the district courts of the state.

5. Rule 4(g), C.R.C.P., authorizes service by publication where a party cannot effect personal service or service by mail. If the court, here the Commission, is satisfied that due diligence has been used to obtain personal service or that efforts to obtain the same would have been to no avail, the Commission may order publication of process in a newspaper published in the county in which the action is pending. See Rule 4(g)(2), C.R.C.P. Such publication shall be made once a week for five successive weeks, with service deemed complete on the day of the last publication.

6. Despite diligent efforts, SRC has been unable to locate an address for service for the following interested parties to the Application: Frank Willey and Steve McCartney ("Unlocatable Parties").

7. Pursuant to an affidavit dated December 17, 2017, and recorded with the Clerk and Recorder of Weld County at Reception No. 4080575, PDC Energy, Inc. performed a search to locate the Unlocatable Parties, including a search of Weld County Records, Lexis-Nexis, the Yellow Pages, and Ancestry.com. See Affidavit of Sam McClung, dated December 17, 2017, attached hereto as Exhibit A.

8. SRC's efforts to locate the Unlocatable Parties include an internal review of the clerk and recorder of Weld County, Colorado, accessed via ICRIS (being the county in which the Subject Lands are located). No information was obtained as a result of these performed searches.

9. Furthermore, SRC completed a Google-search and Lexis-search for the Unlocatable Parties. No information was obtained as a result of these performed searches.

10. Lastly, SRC performed a search of InfoAge, the Yellow Pages, and Ancestry.com. SRC located no information pertaining to the Unlocatable Parties. Upon information and belief, the Unlocatable Parties are now deceased, and no deeds have been filed of record transferring the interest of the Unlocatable Parties to successor(s)-in-interest.

Relief Requested

WHEREFORE, SRC respectfully requests the following relief:

11. The Commission authorize service by publication in a newspaper published in the county in which this action is pending for purposes of providing notice of the Spacing Application to the Unlocatable Parties.

12. Require publication to be made once weekly for five successive weeks from the date of the Order.

13. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 30<sup>th</sup> day of July, 2018.

Respectfully submitted,

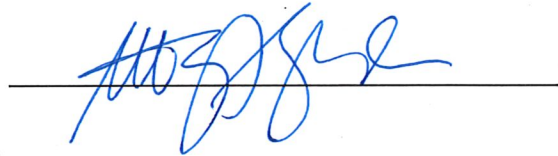
**SRC ENERGY INC.**

By: Jobediah J. Rittenhouse  
Jillian Fulcher  
Jobediah J. Rittenhouse  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
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Denver, Colorado 80202  
(303) 407-4499  
jfulcher@bwenergylaw.com  
jrittenhouse@bwenergylaw.com

Matthew Johnson  
Landman  
SRC Energy Inc.

CERTIFICATE OF SERVICE

I hereby certify that, on July 30, 2018, Beatty & Wozniak, P.C. caused SRC Energy Inc.'s Motion for Publication of Summons to be served via electronic mail to the Colorado Oil and Gas Conservation Commission pursuant to Rule 509.3.(E), and by U.S. mail at the addressed listed below.



Colorado Oil and Gas Conservation Commission  
ATTN: James Rouse  
1120 Lincoln Street, Suite 810  
Denver, CO 80203  
James.Rouse@state.co.us