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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 19 AND 30,)
TOWNSHIP 7 NORTH, RANGE 60 WEST, 6TH)
P.M., UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 181000733

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 7 North, Range 60 West, 6th P.M.

Section 19: All

Section 30: 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 July 30th, 2011, corrected July 12th, 2011, the Commission entered Order No. 535-41, which established nine approximate 640-acre drilling and spacing units for certain lands in Township 7 North, Range 60 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 wellbores for the permitted wells 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 September 23rd, 2011, the Commission entered Order No. 535-81, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-41 for Section 19, Township 7 North, Range 60 West, 6th P.M., and approved cost-recovery against the nonconsenting owners within the unit pursuant to C.R.S. §34-60-116(7)(b)(II) for the drilling of the well within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Section 19 of the Application Lands is subject to this order for the Niobrara Formation.

6. On January 26th, 2012, the Commission entered Order No. 535-114, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-41 for Section 30, Township 7 North, Range 60 West, 6th P.M., and approved cost-recovery against the nonconsenting owners within the unit pursuant to C.R.S. §34-60-116(7)(b)(II) for the drilling of the well within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Section 30 of the Application Lands is subject to this order for the Niobrara Formation.

7. 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 established for certain lands in Townships 7, 8, and 9 North, Ranges 59, 60, and 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 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 within the unit, without exception being granted by the Director. Section 19 of the Application Lands is subject to this order for the Niobrara Formation.

8. On August 7, 2011, the Commission approved one Form 2 Application for Permit-to-Drill the Slick Rock 19-14-7-60 Well (API 05-123-34100). On February 27, 2012, the Slick Rock 19-14-7-60 Well was spud, and was subsequently completed to the Niobrara Formation. The Slick Rock 19-14-7-60 Well continues to produce oil, gas, and associated hydrocarbons from the Niobrara Formation. Applicant is the operator of the Slick Rock 19-14-7-60 Well, and requests that it continue to be governed, and proceeds continue to be distributed, by its applicable Commission Rules and Orders.

9. No other horizontal wells have been drilled or permitted on the Application Lands.

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

- (a) vacate an approximate 640-acre drilling and spacing unit established by Order No. 535-41 for Section 30, Township 7 North, Range 60 West, 6th P.M.;
- (b) vacate Order No. 535-114;
- (c) vacate Order No. 535-239 as to the Application Lands;
- (d) modify an approximate 640-acre pooled drilling and spacing unit established by Order No. 535-41 and pooled by Order No. 535-81 for Section 19, Township 7 North, Range 60 West, 6th P.M., to be specific to the Slick Rock 19-14-7-60 Well, and to disallow any future horizontal wells from being drilled within the unit; and
- (e) establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approve up to sixteen (16) horizontal wells within the unit, for a total of seventeen wells within the Application Lands, with well location rules for the drilling of wells and production of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

11. Applicant is requesting to drill and complete one (1) horizontal well in the approximate 1,280-acre drilling and spacing unit described above, with the option to drill and complete up to a total of sixteen (16) horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations. Applicant further requests that the treated interval of each wellbore be no closer than 150 feet from the treated interval of any other wellbore producing from the Niobrara and/or Codell Formations, and no closer than 300 feet from the unit boundary, without exception being granted by the Director.

12. 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. 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, and Applicant maintains that the wells drilled within the unit will have no adverse effect on correlative rights of adjacent owners.

13. Applicant states that the wells be drilled and operated from four (4) 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 the original Application shall be served on each interested party as required by Rule 503.e. and Rule 507.b.(1).

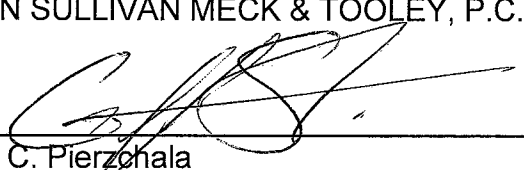
WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that, upon such hearing, this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 21 day of August, 2018.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: _____


Joseph C. Pierzchala
Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
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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: 214-838-2757

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.

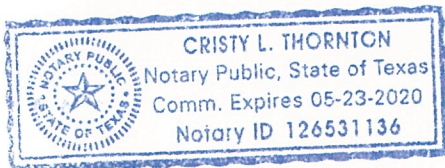
VERDAD RESOURCES LLC

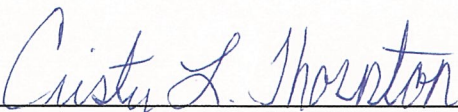


Lemar Safi

Subscribed and sworn to before me this 20th day of August, 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

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

Jason Maxey
Weld County
1555 North 17th Ave.
Greeley CO 80631

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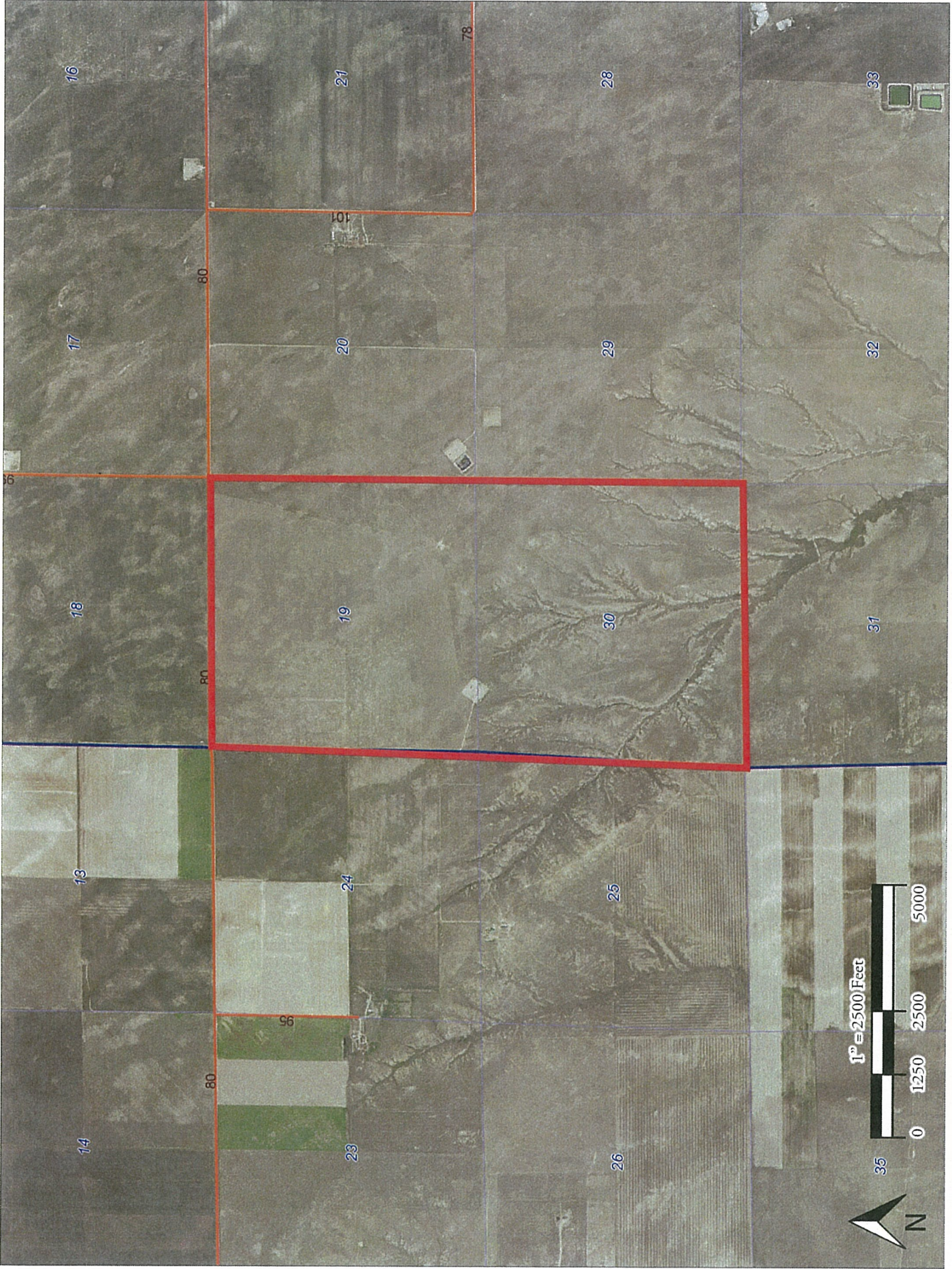
EXHIBIT A

INTERESTED PARTIES

American Minerals Group, LLC
Atlas OBO Energy LP
Barbara J. Hoff
Barnhart Grandchildren's December 1992 Trust
BeCanaan McMillon
Becky Jane Nygard
Caerus Washco
Calf Creek Royalty, LTD
Claiborne H. Johnson
Cortlandt S. Dietler
David Holl
David Michael Miller
DDFS Partnership LP
Denver Mineral & Royalty Company, LLC
DJ Resources
Emma Del Frate
Estate of Fred W. Milton
Estate of Paul W. Schroeder c/o Marilyn Lonergan
Estate of Paul W. Schroeder c/o Paul Schroeder
Estate of R.T. McDermott
Estate of Roger W. Wilson
Extraction Oil & Gas
First Presbyterian Church of Emporia
Frances N. Clemons
Fredricka H. Crain Trust
Gene F Lang & Co
George W. Henderson & Shirley A. Henderson, as trustees of the George & Shirley Henderson
Revocable Trust
GRP Energy LP
Haimo Oil & Gas Inc
HLA Royalties, LLC
Hobe Minerals LLC
IOCL (USA) Inc
John D. Gorsky
John David Robinett
JRH Energy LLC
Kerr-McGee Oil & Gas Onshore,LLC
L. Drescher
L. Grant Shideler
Marathon Oil Company
Marilyn K. Barber
Marion Jane Weldon Loucks & John Gordon Loucks
Marsha K. Arnold

Martha H. Eaton
Maxine K. Van Doren
MC Oil Well, LLC
Mekusukey Oil Company
Mikes Oil Well, LLC
Mountain States Minerals
Nancy Carol Manning
Noble Energy WyCo, LLC
NorthStar Energy Company, LLC
Oil India (USA) Inc
Patrick E. Kuhn
Paul R. Weitzel Jr.
Paulette R. Hall
Richard R. Thorup
RJC Energy Inc.
RJC Ventures LLC
Robert Eugene Hill
Ronald Jackson Shultz
Roscoe Earl Cox, III & Mrs. Carolyn Cox Howard
Royalty Asset Holdings, LP
Shade Willie McMillon
Sherill Guyette
SKV, LLC
Springfield Oil Company
Stone Hill Mineral Holdings LLC
Susan M. Wilson
Theres M. Heath f/k/a Therese Johnson
Thomas E. Shideler
United Surface & Minerals LLC
W. L. Leeds
Weld County
Weldco Resources
White Oak Royalty Company
Whiting Oil & Gas Corporation
Whitman Interest, LLC
William W. Lindbloom
Youngblood, LTD

Exhibit B - Application Lands



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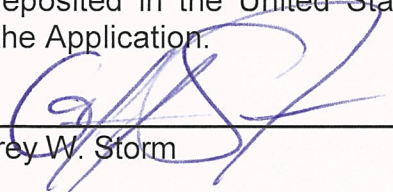
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) Type: SPACING
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AFFIDAVIT OF MAILING

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:

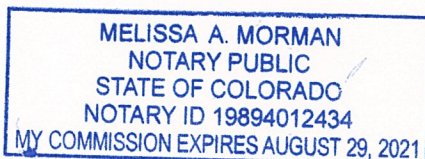
That I am the attorney for Verdad Resources LLC and that on or before August 28, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties on the Exhibit A to the Application.

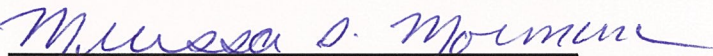


Geoffrey W. Storm

Subscribed and sworn to before me August 28, 2018

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021