

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

IN THE MATTER OF THE **AMENDED**
APPLICATION OF CRESTONE PEAK
RESOURCES OPERATING LLC FOR AN
ORDER TO ESTABLISH AN APPROXIMATE
960-ACRE DRILLING AND SPACING UNIT FOR
THE E/2 OF SECTIONS 19, 30 AND 31,
TOWNSHIP 2 NORTH, RANGE 68 WEST 6TH
P.M., TO AUTHORIZE UP TO 8 NEW
HORIZONTAL WELLS IN THE 960-ACRE
DRILLING AND SPACING UNIT, **AND TO
VACATE 12 APPROVED WELLBORE
SPACING UNITS ESTABLISHED PURSUANT
TO RULE 318A**, FOR THE DEVELOPMENT
AND OPERATION OF THE CODELL AND
NIOBRARA FORMATIONS, WATTENBERG
FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO. 181000744

TYPE: SPACING

AMENDED APPLICATION

COMES NOW Crestone Peak Resources Operating LLC (Operator No. 10633) ("Applicant"), by and through its undersigned attorneys, and respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to: **1)** establish an approximate 960-acre drilling and spacing unit for the E½ of Sections 19, 30 and 31, Township 2 North, Range 68 West, 6th P.M., Weld County, Colorado, **2)** authorize up to eight (8) new horizontal wells within the approximate 960-acre drilling and spacing unit, **and 3) vacate 12 approved wellbore spacing units established administratively pursuant to Commission Rule 318A for portions of the Application Lands upon establishment of the proposed drilling and spacing unit**, in order to efficiently and economically recover the oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.

2. Applicant is an Owner as defined by the Oil and Gas Conservation Act, and owns leasehold interests or holds the right to operate on the following lands (hereafter "Application Lands"):

Township 2 North, Range 68 West, 6th P.M.

Section 19: E½

Section 30: E½

Section 31: E½

960-acres, more or less, Weld County, Colorado.

A reference map of the Application Lands is attached hereto.

3. 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 amended to, among other things, address drilling of horizontal wells. The August 8, 2011 amendment did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area. The Application Lands are within the Greater Wattenberg Area and are subject to the 460' subsurface setback for the Codell and Niobrara Formations.

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 vertical and/or directional wells for the production of oil and/or gas from the Codell-Niobrara Formations. The Application Lands are subject to Order No. 407-87 as it applies to the existing vertical and/or directional well development and operation of the Codell and Niobrara Formations on the Application Lands.

5. On September 19, 2011, the Commission entered Order Nos. 407-485 & 232-295 which, among other things, (1) pooled all nonconsenting interests in an approximate 160-acre wellbore spacing unit designated for the E½ SW¼ and W½ SE¼ of Section 30, Township 2 North, Range 68 West, 6th P.M. (to accommodate the Bryant #23-30 Well), for the development and operation of the Codell and Niobrara Formations; and (2) pooled all nonconsenting interests in an approximate 320-acre wellbore spacing unit designated for the S½ of said Section 30 (to accommodate the Well), for the development and operation of the "J" Sand Formation. Order Nos. 407-485 & 232-295 are wellbore specific and do not affect this Application.

6. The Commission records reflect that there are no horizontal wells producing from the Codell or Niobrara Formations on the Application Lands. The Commission records reflect that the following directional and vertical wells are currently shut-in or producing from the Codell and/or Niobrara Formations on the Application Lands pursuant to Order No. 407-87 or Rule 318A:

API No.	Well Name	Operator
05-123-11570	Regnier Farms B Unit 1	Crestone Peak
05-123-24655	Regnier Farms 31-19	Crestone Peak
05-123-22783	Regnier Farms 43-19	Crestone Peak
05-123-24954	Regnier 4-4-19	Crestone Peak

05-123-22654	Regnier Farms 33-19	Crestone Peak
05-123-21880	Regnier Farms 42-19	Crestone Peak
05-123-32759	Kenyon 4-8-19	Crestone Peak
05-123-32758	Kenyon 8-6-19	Crestone Peak
05-123-32752	Kenyon 8-8-19	Crestone Peak
05-123-11687	Regnier Farms 2	Crestone Peak
05-123-32761	Kenyon 8-4-19	Crestone Peak
05-123-32756	Kenyon 34-19	Crestone Peak
05-123-23550	Regnier Farms 32-19	Crestone Peak
05-123-15062	Sawdey Unit 2	Kerr-McGee Oil & Gas
05-123-20352	HSR-Bryant 9-30A	Kerr-McGee Oil & Gas
05-123-20767	Johnson 7-30A	Kerr-McGee Oil & Gas
05-123-30118	Bryant 8-30	Kerr-McGee Oil & Gas
05-123-30119	Bryant 10-30	Kerr-McGee Oil & Gas
05-123-30121	Bryant 24-30	Kerr-McGee Oil & Gas
05-123-31725	Bryant 33-29	Kerr-McGee Oil & Gas
05-123-31729	Bryant 36-30	Kerr-McGee Oil & Gas
05-123-31730	Bryant 16-30	Kerr-McGee Oil & Gas
05-123-31732	Bryant 20-30	Kerr-McGee Oil & Gas
05-123-31736	Bryant Federal 37-30	Kerr-McGee Oil & Gas
05-123-31755	Bryant 23-30	Kerr-McGee Oil & Gas
05-123-15423	Cinque Federal 8-31	Extraction Oil & Gas
05-123-15443	Cinque Federal 7-31	Extraction Oil & Gas
05-123-15558	Cinque Federal 9-31	Extraction Oil & Gas

Applicant respectfully requests that the above-described directional and vertical wells be excluded from the proposed 960-acre unit and continue to be allocated pursuant to Order No. 407-87 and Rule 318A.

7. The Commission records reflect that Crestone has 12 approved APDs within Section 19 of the Application Lands. ~~The 12 approved APDs within the Application Lands will be abandoned upon the filing of one or more APDs for the eight (8) requested horizontal wells within the Application Lands.~~ **Applicant hereby requests that the following 12 wellbore spacing units be vacated upon establishment of the proposed drilling and spacing unit for the Application Lands:**

Well Name	API Number	Formation	Lands (All in Township 2 North, Range 68 West)
Regnier Farms 1A-19H-B268 (320 acres)	(API No. 05-123-44943)	Niobrara	Section 19: E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$,
Regnier Farms 1B-19H-B268 (320 acres)	(API No. 05-123-44947)	Codell	Section 19: E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$,
Regnier Farms 1C-19H-B268 (160 acres)	(API No. 05-123-44938)	Niobrara	Section 19: W $\frac{1}{2}$ E $\frac{1}{2}$

Regnier Farms 1D-19H-B268 (320 acres)	(API No. 05-123-44942)	Niobrara	Section 19: E $\frac{1}{2}$
Regnier Farms 1E-19H-B268 (320 acres)	(API No. 05-123-44940)	Codell	Section 19: E $\frac{1}{2}$
Regnier Farms 1F-19H-B268 (320 acres)	(API No. 05-123-44945)	Niobrara	Section 19: E $\frac{1}{2}$
Regnier Farms 1G-19H-B268 (320 acres)	(API No. 05-123-44941)	Niobrara	Section 19: E $\frac{1}{2}$
Regnier Farms 1H-19H-B268 (320 acres)	(API No. 05-123-44944)	Niobrara	Section 19: E $\frac{1}{2}$
Regnier Farms 1I-19H-B268 (160 acres)	(API No. 05-123-44937)	Niobrara	Section 19: E $\frac{1}{2}$ E $\frac{1}{2}$
Regnier Farms 1J-19H-B268 (160 acres)	(API No. 05-123-44946)	Niobrara	Section 19: E $\frac{1}{2}$ E $\frac{1}{2}$
Regnier Farms 1K-19H-B268 (320 acres)	(API No. 05-123-44936)	Codell	Section 19: E $\frac{1}{2}$ E $\frac{1}{2}$ Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$
Regnier Farms 1L-19H-B268 (320 acres)	(API No. 05-123-44939)	Niobrara	Section 19: E $\frac{1}{2}$ E $\frac{1}{2}$ Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$

8. The Commission records reflect that seven of the approved wellbore spacing units for Section 19, Township 2 North, Range 68 West, 6th P.M. are also subject to pending APDs to extend the previously permitted lateral within the Application Lands and are listed below. Applicant requests that the foregoing wells be included as seven (7) of the eight (8) new wells requested within the drilling and spacing unit.

Well Name and API Number	Document Number	Formation	Lands (All in Township 2 North, Range 68 West)
Regnier Farms 1C-19H-B268 (API No. 05-123-44938)	401606149	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$
Regnier Farms 1D-19H-B268 (API No. 05-123-44942)	401606150	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$

Regnier Farms 1E-19H-B268 (API No. 05-123-44940)	401606151	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$
Regnier Farms 1F-19H-B268 (API No. 05-123-44945)	401606152	Codell	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$
Regnier Farms 1G-19H-B268 (API No. 05-123-44941)	401606153	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$
Regnier Farms 1H-19H-B268 (API No. 05-123-44944)	401606155	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$
Regnier Farms 1I-19H-B268 (API No. 05-123-44937)	401606158	Niobrara	Section 19: E $\frac{1}{2}$ Section 30: E $\frac{1}{2}$ Section 31: E $\frac{1}{2}$

9. To promote efficient drainage within the Codell and Niobrara Formations of the Application Lands, to protect correlative rights, to avoid waste, and to minimize surface impacts, the Commission should **1) establish an approximate 960-acre drilling and spacing unit for the Application Lands, 2) approve up to eight (8) new horizontal wells within the Application Lands, and 3) vacate the existing wellbore spacing units upon establishment of the proposed drilling and spacing unit**, for the efficient and economic development and operation of the Codell and Niobrara Formations.

10. The above-proposed drilling and spacing unit will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights, will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs and will reduce surface impact to the Application Lands. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in the unit.

11. Applicant maintains that there will be no more than one well pad in the proposed 960-acre drilling and spacing unit, or adjacent thereto, unless an exception is granted by the Director. Applicant is negotiating a Surface Use Agreement for its proposed development of the Application Lands.

12. The treated interval of each proposed horizontal well shall be no closer than 460 feet from the boundaries of the unit (regardless of lease lines within the unit), and all horizontal wells shall be no closer than 150 feet from the treated interval of another well

producing from the same supply within the unit, unless an exception is granted by the Director.

13. Applicant is requesting to drill and complete up to eight (8) horizontal wells in the proposed approximate 480-acre drilling and spacing unit for the efficient and economic development of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands.

14. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing on October 29-30, 2018, that notice be given as required by law, and that upon such hearing, the Commission enter its order:

A. Establishing an approximate 960-acre drilling and spacing unit for the E $\frac{1}{2}$ of Sections 19, 30 and 31, Township 2 North, Range 68 West, 6th P.M., Weld County, Colorado, and allowing up to eight (8) horizontal wells in the approximate 960-acre drilling and spacing unit for the development and operation of the Codell and Niobrara Formations in the unit.

B. Providing that the treated interval of any horizontal well shall be no closer than 460 feet from the boundaries of the unit (regardless of lease lines within the unit), and not less than 150 feet from the treated interval of another well within the unit, unless an exception is granted by the Director.

C. Authorizing one new well pad within the unit, or adjacent thereto, unless an exception is granted by the Director.

D. Vacating the 12 approved wellbore spacing units established by the permitting unit pursuant to Rule 318A within Section 19 of the Application Lands, upon establishment of the proposed 960-acre drilling and spacing unit, for the efficient development and operation of the Codell and Niobrara Formations.

E. Finding that the approximate 960-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations in the Application Lands.

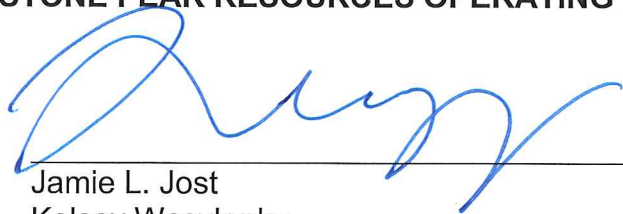
F. For such other findings and orders as the Commission may deem proper or advisable in this matter.

DATED September 24th, 2018

Respectfully submitted:

CRESTONE PEAK RESOURCES OPERATING LLC

By:




Jamie L. Jost
Kelsey Wasylenky
Jost Energy Law, P.C.
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(720) 446-5620
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Applicant's Address:

Crestone Peak Resources Operating LLC
ATTN: Sheila Frazier
1801 California Street, Suite 2500
Denver, Colorado 80202

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


Name: Sheila Frazier
Title: Land Manager
Crestone Peak Resources Operating LLC

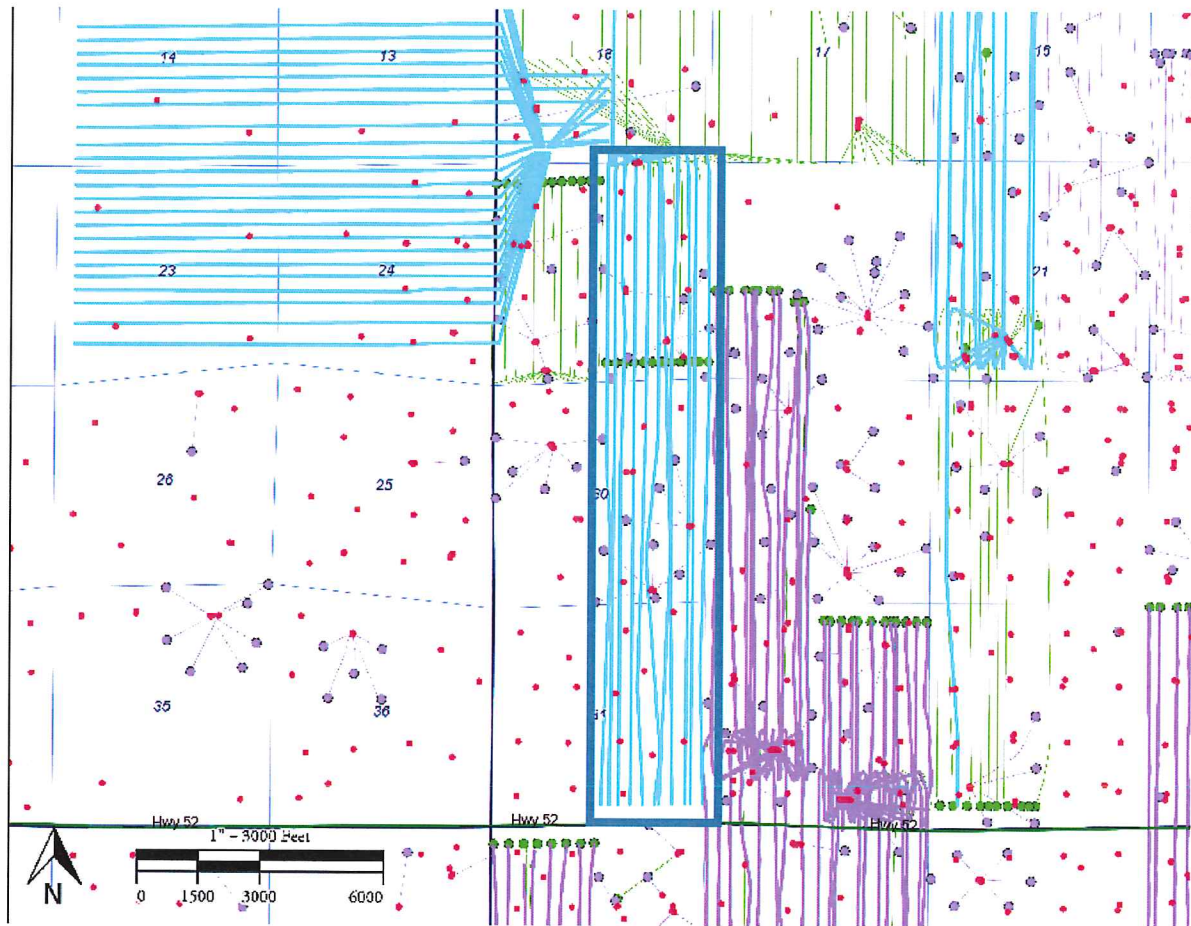
LAURA L CUSTER
Notary Public
State of Colorado
Notary ID # 20124081516
My Commission Expires 04-18-2021



Notary Public

Reference Map
Crestone Peak Resources Operating, LLC

E½ of Sections 19, 30 and 31, Township 2 North, Range 68 West, 6th P.M.
Weld County, Colorado



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

IN THE MATTER OF THE **AMENDED**
APPLICATION OF CRESTONE PEAK
RESOURCES OPERATING LLC FOR AN ORDER
TO ESTABLISH AN APPROXIMATE 960-ACRE
DRILLING AND SPACING UNIT FOR THE E/2 OF
SECTIONS 19, 30 AND 31, TOWNSHIP 2 NORTH,
RANGE 68 WEST 6TH P.M., TO AUTHORIZE UP TO
8 NEW HORIZONTAL WELLS IN THE 960-ACRE
DRILLING AND SPACING UNIT, **AND TO VACATE
12 APPROVED WELLBORE SPACING UNITS
ESTABLISHED PURSUANT TO RULE 318A**, FOR
THE DEVELOPMENT AND OPERATION OF THE
CODELL AND NIOBRARA FORMATIONS,
WATTENBERG FIELD, WELD COUNTY,
COLORADO

CAUSE NO. 407

DOCKET NO. 181000744


TYPE: SPACING

AFFIDAVIT OF MAILING AMENDED APPLICATION

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

The undersigned, of lawful age, and being first duly sworn upon my oath, state and declare that I am the attorney for Crestone Peak Resources Operating LLC, and that on or before the 28th day of September, 2018, I caused a copy of the Amended Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to this Affidavit.

ge prepaid, addressed to the parties



Jamie L. Jost
Kelsey H. Wasylenky

Subscribed and sworn to before me this 26th day of September, 2018.

Witness my hand and official seal.

[SEAL]


Notary Public

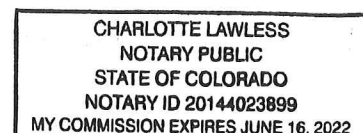


Exhibit A
Crestone – Regnier Farms

K.P. Kauffman Company Inc.
1675 Broadway, Ste 2800
Denver, CO 80202

Kerr-McGee Oil & Gas Onshore LP
1099 18th Street, 6th Floor
Denver, CO 80202

Hunt Brothers Properties, Inc.
10100 Dallas St.
Henderson, CO 80640

Farfrumwurkin, LLLP
P.O. Box 983
Broomfield, CO 80038

AGS Oil and Gas Ventures, Inc.
4400 S. Federal Blvd. #2-D
Englewood, CO 80110

BLM
2850 Youngfield St.
Lakewood, CO 80215

JED Wattenberg Two, LLC
4060 South Holly Street
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