

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 )  
VACATING AN APPROXIMATE 1,280-ACRE )  
DRILLING AND SPACING UNIT ESTABLISHED )  
BY ORDER NO. 407-1983 AND ESTABLISHING )  
AN APPROXIMATE 1280-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 AND CODELL FORMATIONS FOR )  
SECTIONS 10 AND 15, TOWNSHIP 3 NORTH, )  
RANGE 62 WEST, 6TH P.M., WATTENBERG )  
FIELD, WELD COUNTY, COLORADO )

Cause No. 407

Docket No. 181000834

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 vacating an approximate 1,280-acre drilling and spacing unit established by Order No. 407-1983 for Sections 3 and 10, Township 3 North, Range 62 West, 6th P.M., and establishing an approximate 1280-acre drilling and spacing unit for the below described Application Lands, and approving 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 and Codell 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 3 North, Range 62 West, 6th P.M.  
Section 10: All  
Section 15: All

A reference map of the Application Lands is attached as Exhibit B hereto.

3. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which was amended on August 8, 2011 to, among other things, address the drilling of horizontal wells and requires that a horizontal wellbore spacing unit must include any governmental quarter-quarter section that is located less than 460' from the completed interval of the wellbore lateral. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of the Greater Wattenberg Area. The Rule does not, however, prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

4. On May 1, 2017, the Commission entered Order No. 407-1983, which established an approximate 1,280-acre drilling and spacing unit for Sections 3 and 10, Township 3 North, Range 62 West, 6th P.M., and approved up to sixteen horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with the productive interval of any horizontal well located no closer than 460 feet from the unit boundaries, and not less than 150 feet from the productive interval of another well within the unit, unless an exception is granted by the Director. Section 10 of the Application Lands is subject to this order.

5. No horizontal wells have been drilled or permitted pursuant to Order no. 407-1983, or on the Application Lands.

6. There are vertical wells producing from the Niobrara and Codell Formations within the Application Lands. Applicant requests that any such vertical wells continue to be governed by their applicable Commission rules and orders, and that production continue to be distributed in accordance therewith.

7. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission establish an approximate 1280-acre drilling and spacing unit for the Application Lands described below, approve up to sixteen (16) horizontal wells within the unit, and establish well location rules, for the drilling of wells and production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations:

Township 3 North, Range 62 West, 6th P.M.

Section 10: All

Section 15: All

8. Applicant is requesting to drill and complete one (1) horizontal well in the approximate 1280-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 and Codell 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 same common source of supply, and no closer than 460 feet from the unit boundary, without exception being granted by the Director.

9. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Niobrara and Codell 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. Applicant further maintains that wells drilled in the drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

10. 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.

11. 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 30 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.  
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

The matters described herein were all conducted under my direction and control. I hereby swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

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



---

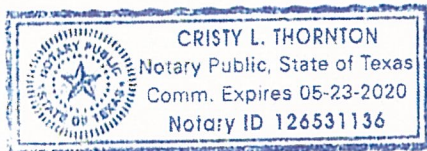
Lemar Safi, Landman  
Verdad Resources LLC

STATE OF TEXAS )  
 ) ss.  
CITY AND COUNTY OF DALLAS )

Witness my hand and official seal.

My commission expires: 5/23/2020

Cristy L. Thornton  
Notary Public



**EXHIBIT A**

**PARTIES ENTITLED TO NOTICE**

**Colorado Department of Public Health and Environment**

Attention: 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 Avenue  
Greeley CO 80631

[remainder of page intentionally left blank]

EXHIBIT A

INTERESTED PARTIES

Highpoint Operating Corporation

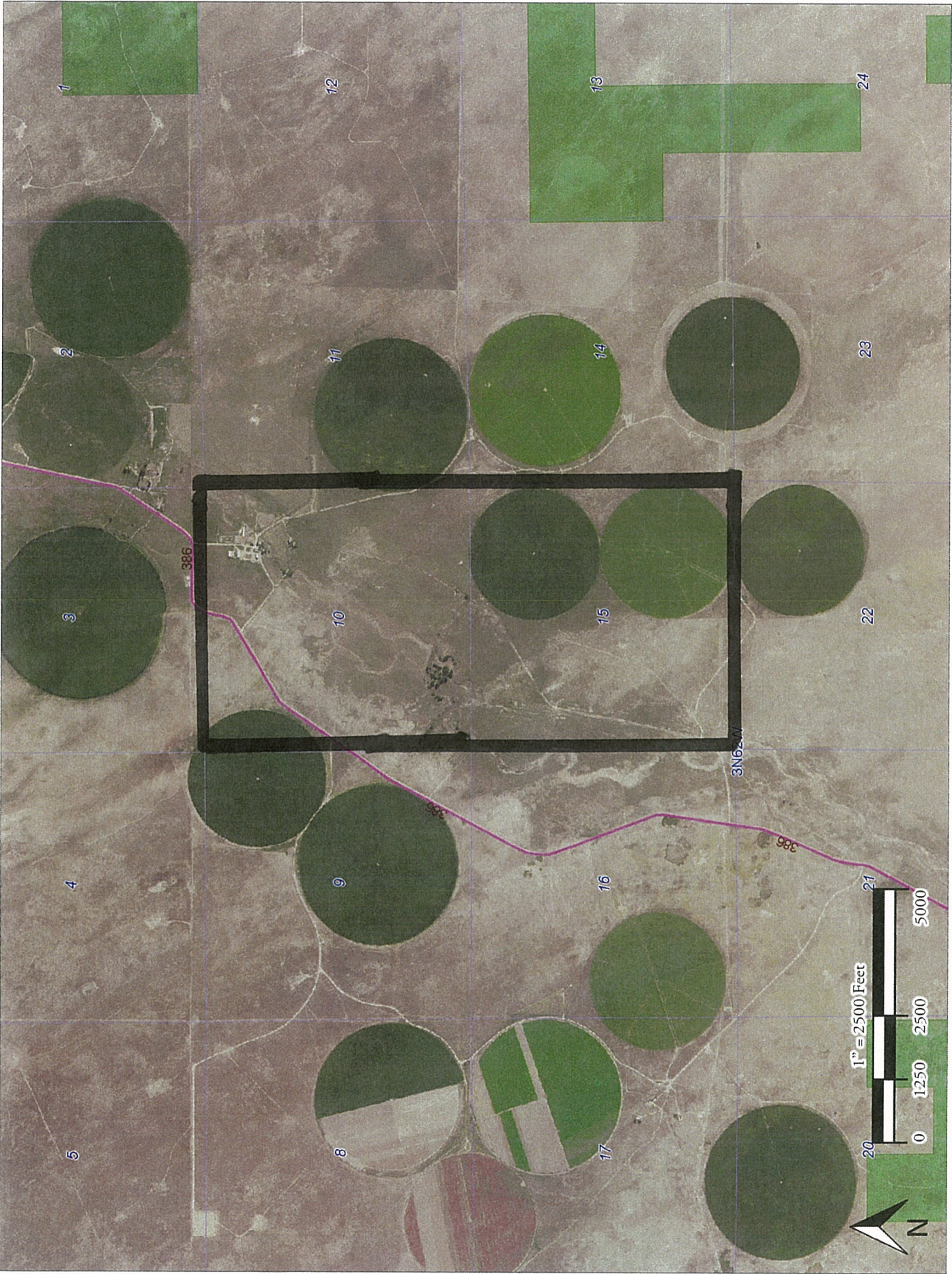
Taets Van Am One LLC

Charles Phillip Fairchild, as Trustee of the Charles Phillip Fairchild Trust

Hobe Minerals Limited Liability Company



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 VACATING AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT ESTABLISHED BY ORDER NO. 407-1983 AND ESTABLISHING AN APPROXIMATE 1280-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 AND CODELL FORMATIONS FOR SECTIONS 10 AND 15, TOWNSHIP 3 NORTH, RANGE 62 WEST, 6TH P.M., WATTENBERG FIELD, WELD COUNTY, COLORADO

Cause No. 407

Docket No. 181000834

Type: SPACING

# AFFIDAVIT OF MAILING

STATE OF COLORADO

www

CITY AND COUNTY OF DENVER

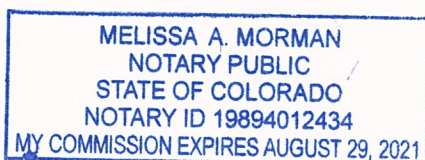
I, Geoffrey W. Storm, of lawful age, and being first duly sworn upon my oath, state and declare:

That I am the attorney for Verdad Resources LLC and that on or before September 6, 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 September 19, 2018

Witness my hand and official seal.



Mussa o. Mo'mun

Notary Public

My commission expires: 8/29/2021