

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

IN THE MATTER OF AN APPLICATION BY)
PETROSHARE CORP. FOR AN ORDER POOLING ALL) CAUSE NO. 407
INTERESTS IN AN APPROXIMATE 640.00-ACRE)
DRILLING AND SPACING UNIT COMPRISED OF) DOCKET NO. _____
SECTION 17: E/2 AND SECTION 20: E/2, TOWNSHIP 1)
SOUTH, RANGE 66 WEST, 6TH P.M., FOR THE) TYPE: POOLING
CODELL-NIOBRARA FORMATIONS, WATTENBERG)
FIELD, ADAMS COUNTY, COLORADO, AND)
AUTHORIZING COST RECOVERY AND RISK)
PENALTIES FROM CERTAIN NONCONSENTING)
OWNERS FOR CERTAIN AUTHORIZED WELLS TO BE)
DRILLED WITHIN THE UNIT)

APPLICATION

PetroShare Corp. ("Applicant"), by and through its attorneys, Steptoe & Johnson PLLC, respectfully submits this Application ("Application") to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order pooling all interests within the approximate 640.00-acre drilling and spacing unit established by Order No. 407-1879 comprised of Section 17: E/2 and Section 20: E/2, Township 1 South, Range 66 West, 6th P.M., for horizontal well development of the Codell-Niobrara Formations ("Subject Formations"), Wattenberg Field, Adams County, Colorado, and authorizing statutory cost recovery and risk penalties from certain nonconsenting owners for certain authorized horizontal wells to be constructed within the unit.

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 is registered as Operator No. 10454 with the Commission.
2. Applicant owns leasehold interests in the below-listed lands ("Application Lands"):

Township 1 South, Range 66 West, 6th P.M.
Section 17: E/2
Section 20: E/2

Containing 640.00 acres, more or less

3. A map depicting the acreage comprising the Application Lands, which lie within the Greater Wattenberg Area ("GWA") as defined by Commission Rule 318A, is attached hereto and incorporated herein as **Exhibit A**.

4. On April 27, 1998, the Commission adopted Commission 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 Cretaceous Age Formations from the base of the Dakota Formation to the surface. Commission Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of GWA

wells. On December 5, 2005, Commission Rule 318A was amended to, among other things, allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Commission Rule 318A was again amended, among other things, to address drilling of horizontal wells. The Application Lands are subject to Commission Rule 318A for the Codell-Niobrara Formations.¹

5. On or about January 30, 2018, the Commission issued Order No. 407-1879 which, among other things, established an approximate 640.00-acre drilling and spacing unit for the Application Lands (“Application Lands DSU”), and authorized the drilling of eight (8) horizontal wells within the Application Lands DSU, for the production of oil, gas and associated hydrocarbons from the Subject Formations.

6. Acting pursuant to relevant provisions of § 34-60-116(6), C.R.S. and Rule 530., Applicant requests an order pooling all interests in the Application Lands DSU, where eight (8) horizontal wells are authorized, for the development and operation of the Subject Formations.

7. Rule 530. Provides that an application for involuntary pooling may be filed at any time prior or after the drilling of a well, with any pooling order retroactive to the date the application is filed with the Commission unless the payor agrees otherwise. For the Application Lands DSU, the Commission has approved the following permits-to-drill submitted by Applicant for (8) horizontal wells within the Application Lands (collectively, the “Brighton Lakes Wells”):

Well Name/Number	API Number	Target Formation
Brighton Lakes 20-17-1CDH	05-001-10127-00	Codell
Brighton Lakes 20-17-2CDH	05-001-10084-00	Codell
Brighton Lakes 20-17-1NCH	05-001-10083-00	Niobrara
Brighton Lakes 20-17-1NBH	05-001-10086-00	Niobrara
Brighton Lakes 20-17-1NAH	05-001-10087-00	Niobrara
Brighton Lakes 20-17-2NBH	05-001-10085-00	Niobrara
Brighton Lakes 20-17-3NBH	05-001-10088-00	Niobrara
Brighton Lakes 20-17-2NCH	05-001-10089-00	Niobrara

8. Applicant will provide Rule 530. well proposal materials to putative nonconsenting owners within the Application Lands DSU, thereby allowing those owners at least 60 days to make an election as to their participation in the drilling of the Brighton Lake Wells, or leasing their interests, if unleased.²

9. Acting pursuant to §34-60-116(6) & (7), C.R.S., and Rule 530., Applicant hereby seeks an order authorizing statutory cost recovery and risk penalties associated with the drilling, completion and operation of the Brighton Lake Wells, from interests belonging to those nonconsenting owners, for the development and operation of the Subject Formations.

¹ Commission Rule 318A supersedes Commission Order No. 407-87 dated February 19, 1992, as amended, with respect to the Application Lands. The Application Lands are also subject to Commission Rule 317A – DJ Basin Fox Hills Protection Area and a portion of the Application Lands lies within the Brighton 1-189 PWS Area.

² Prior to July 1, 2018, §34-60-116(7) required unleased mineral owners to be tendered a reasonable offer to lease no less than 35 days prior to the hearing on the pooling application. However, effective July 1, 2018, §34-60-116(7) was amended to require unleased mineral owners to be tendered a reasonable offer to lease no less than 60 days prior to the hearing on the pooling application, in addition to requiring specific information be given to the unleased mineral owners, along with a “copy of or link to a brochure supplied by the commission that clearly and concisely describes the pooling procedures” specified in §34-60-116(6) and (7).

10. 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.

11. 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 the oral order of the Commission.

12. The undersigned certifies that copies of this Application will be served on each interested party as set forth in **Exhibit B** 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, that notice be given as required by law, and that upon such hearing this Commission enter its order:

A. Pooling all interests in the Application Lands DSU, for development and operation of the Subject Formations, with the pooling order effective as of the date of the Application;

B. Providing that the interests of any owners, with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the Brighton Lake Wells, for production of oil, gas and associated hydrocarbons from the Subject Formations, having been pooled by operation of statute, pursuant to §34-60-116(6) & (7), C.R.S., are made subject to cost recovery and risk penalties provided therein;

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

Respectfully dated and submitted this 30th day of August, 2018.

By: 

Brent D. Chicken (Colorado Bar No. 36217)
Casey C. Breese (Colorado Bar No. 51448)
Steptoe & Johnson PLLC
Attorneys for Applicant
600 17th Street, Suite 2300 South
Denver, CO 80202
303.389.4300

Applicant:

PetroShare Corp.

Attn: William R. Givan

9635 Maroon Circle, Suite 400

Englewood, CO 80112-5927

303.500.1168

bgivan@PetroSharecorp.com

Local Governmental Designee:

Christine Dougherty

4300 South Adams County Pkwy.

Brighton, CO 80601-8218

720.523.6891

Clamere@adcogov.org

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

Brian H. Wert, Senior Landman, PetroShare Corp., 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.

PETROSHARE CORP.

Brian H. Wert
Senior Landman

Acknowledged, subscribed and sworn to before me this 30th day of August, 2018 by Brian H. Wert, Senior Landman of PetroShare Corp.

Print Name: Jessie C. Speicher
Notary Public
State of Colorado
My commission expires: 04.14.21

SEAL



EXHIBIT A

PROPOSED DSU MAP

Township 1 South, Range 66 West, 6th P.M.

Section 17: E/2

Section 20: E/2

Containing 640.00 acres, more or less

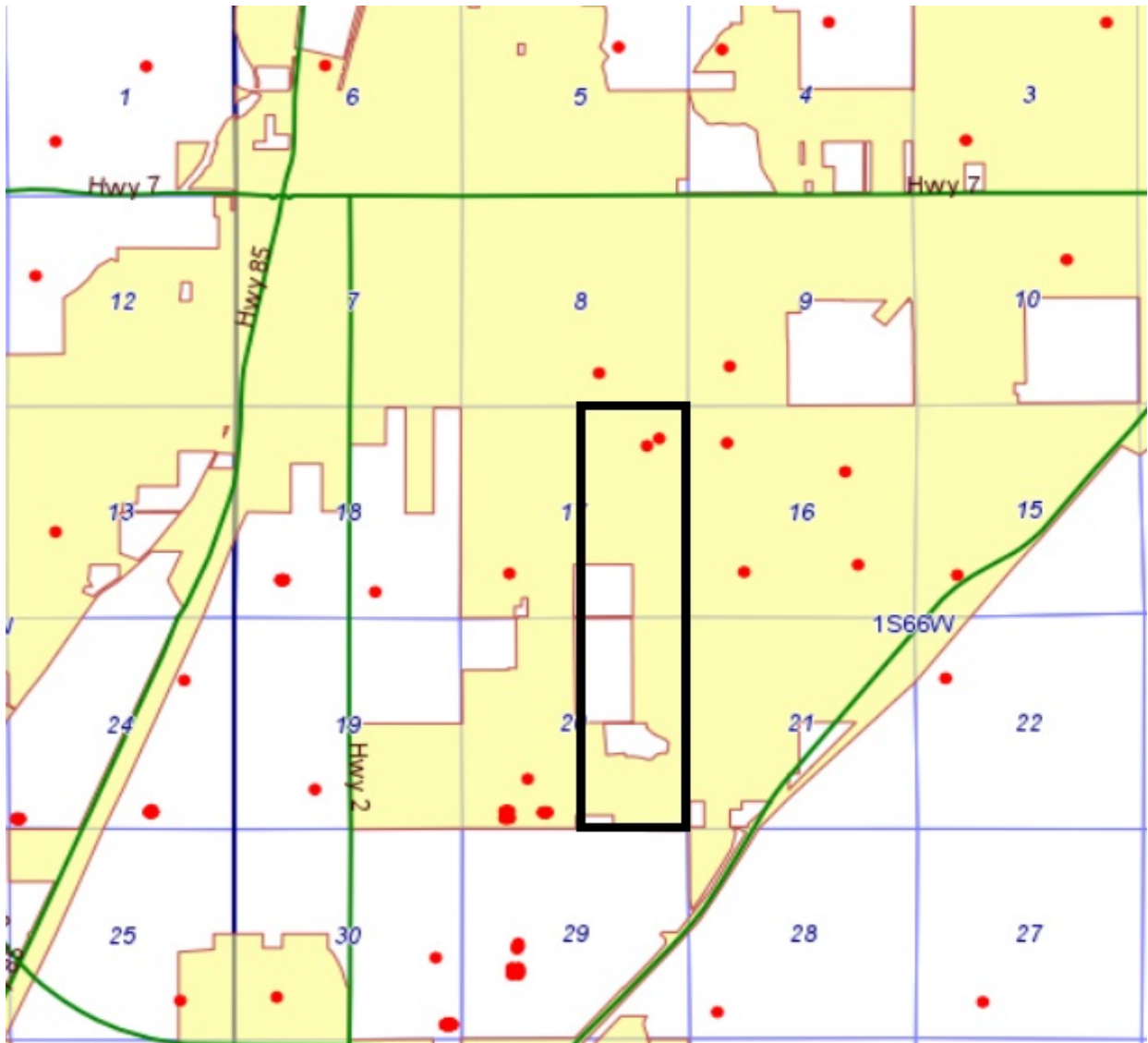


EXHIBIT B

INTERESTED PARTIES

The names and addresses of the interested parties (Owners within Section 17: E/2 and Section 20 E/2, Township 1 South, Range 66 West, 6th P.M.), according to the information and belief of the Applicant, are set forth in this **Exhibit B**.

City of Brighton 500 South 4th Ave. Brighton, CO 80601	Jose and Jennie J. Gonzales P.O. Box 1217 Brighton, CO 80601
Kevin Leroy and Michelle Renee Kaiser 14275 Meadowlark Lane Brighton, CO 80601	Meadowlark Acres Homeowners Associations, Inc. 14355 Meadowlark Lane Brighton, CO 80601
Annino L. and Francesca Marsella 14189 Meadowlark Lane Brighton, CO 80601	Brighton Lakes, LLC 200 W. Hampden Avenue, Suite 201 Englewood, CO 80110
Bromley & Buckley LLC 12460 1st Street, P.O. Box 247 Eastlake, CO 80614	Case 238 LLC 12460 1st Street, P.O. Box 247 Eastlake, CO 80614
Clarke D. Carlson 12460 1st Street, P.O. Box 247 Eastlake, CO 80614	Cynthia B. Werbach 14700 E. 104th Avenue, Unit 2001 Commerce City, Co 80022
David B. and Renee J. Atkins 225 S. 5th Avenue Brighton, CO 80601	Egidio and Clara Serafini 16227 E. 144th Ave. Brighton, CO 80601
Forterra Investments, Ltd. c/o Michael A. Richardson 200 W. Hampden Avenue, Suite 201 Englewood, CO 80110	Gary C. and Beverly A. Lear 14355 Meadowlark Lane Brighton, Co 80601
Jack R. and Audrey A. Franklin 14360 Meadowlark Lane Brighton, CO 80601	John F. and Leanne K. Carlson 14380 Meadowlark Lane Brighton, CO 80601
Jose De Jseus and Martha H. De Luna 16395 E. 144th Avenue Brighton, CO 80601	Joseph A. and Evelyn H. Murray 53 Spruce Street Watertown, MA 2472
Leland R. and Betty Lou Kaiser 14225 Meadowlark Lane	Michael R. McRory 14270 Meadowlark Lane

Brighton, CO 80601	Brighton, CO 80601
Palmer Equities, LLC 17513 E. Rice Circle Aurora, CO 80015	Paula Boudreault 14280 Meadowlark Lane Brighton, CO 80601
PetroShare Corp. 9635 Maroon Circle, Suite 400 Englewood, CO 80112	PEO Colorado, LLC 16400 Dallas Parkway, Suite 400 Dallas, TX 75248
Stephen E. and Teri Lynn Mosler 1133 Walnut Street Brighton, Co 80601	The Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints 50 East North Temple Street Salt Lake City, UT 84101
The Egidio P. and Clara L. Serafini Trust dated February 24, 2013 16227 E. 144th Ave. Brighton, CO 80601	The Franco and Terasa Serafini Trust dated February 24, 2013 14474 Lewiston Court Brighton, CO 80601
THF Prairie Center Development, LLC 211 N. Stadium Boulevard, Suite 201 Columbia, MO 65203	Vintage Homes, LLC 200 W. Hampden Avenue, Suite 201 Englewood, CO 80110
Grizzley Petroleum Company, LLC 1001 17th Street, Suite 2000 Denver, CO 80202	Raisa II, LLC P.O. Box 987 Denver, CO 80201
Verdad Resources, LLC 5950 Cedar Springs Road, Suite 200 Dallas, TX 75235	Keith D. Davis 1060 Alkire Street Golden, CO 80401

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PENALTIES FROM CERTAIN NONCONSENTING)
OWNERS FOR CERTAIN AUTHORIZED WELLS TO BE)
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CERTIFICATE OF SERVICE

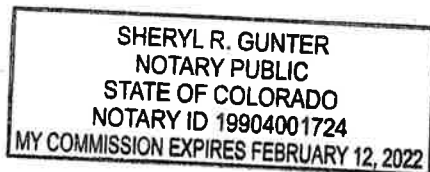
Casey C. Breese, of lawful age, and being first duly sworn upon her oath, states and declares that he is the attorney for PetroShare Corp. in the above-captioned matter, and that on August 31, 2018, he caused a copy of the Application filed in this matter to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B to the Application.



Casey C. Breese

Subscribed and sworn to before me on the 5th day of September, 2018.

Witness my hand and official seal.



Notary Public

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SUPPLEMENTAL CERTIFICATE OF SERVICE


Casey C. Breese, of lawful age, and being first duly sworn upon his oath, states and declares that he is the attorney for Petroshare Corp. ("PetroShare") with respect to the above-captioned matter, and that on August 31, 2018 he filed a Certificate of Service with the Colorado Oil and Gas Conservation Commission ("Commission") indicating that a copy of PetroShare's Application in the above-captioned matter had been deposited in the United States Mail, postage prepaid, addressed to the parties identified in Exhibit "B" to such Application, including the following party:

Palmer Equities, LLC
17513 E. Rice Circle
Aurora, CO 80015

Subsequent to the foregoing, the mailing to the foregoing interested party was returned undeliverable. The correct last known mailing address for the foregoing interested party has now been identified. Accordingly, on September 11, 2018, the undersigned caused a true and complete copy of Petroshare's Application in the above-captioned matter to be sent to the foregoing party at the following corrected address:

Palmer Equities, LLC
17315 E. Rice Circle, Unit E
Aurora, CO 80015

All further correspondence and notices concerning Petroshare's Application in the above-captioned matter, including Notices of Hearing, shall be sent to the foregoing interested party at the foregoing corrected address.


Casey C. Breese

Subscribed and sworn to before me on the 11th day of September, 2017.

Witness my hand and official seal.


Notary Public

SHERYL R. GUNTER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19904001724
MY COMMISSION EXPIRES FEBRUARY 12, 2022

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
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Paula Boudreault
14280 Meadowlark Lane
Brighton, CO 80601

Subsequent to the foregoing, the mailing to the foregoing interested party was returned undeliverable. The correct last known mailing address for the foregoing interested party has now been identified. Accordingly, on September 13, 2018, the undersigned caused a true and complete copy of Petroshare's Application in the above-captioned matter to be sent to the foregoing party at the following corrected address:

Paula Boudreault
2663 Comanche Creek Drive
Brighton, CO 80601-3409

All further correspondence and notices concerning Petroshare's Application in the above-captioned matter, including Notices of Hearing, shall be sent to the foregoing interested party at the foregoing corrected address.

CCB

Casey C. Breese

Subscribed and sworn to before me on the 13th day of September, 2018.

Witness my hand and official seal.

Sheryl R. Gunter
Notary Public

SHERYL R. GUNTER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19904001724
MY COMMISSION EXPIRES FEBRUARY 12, 2022