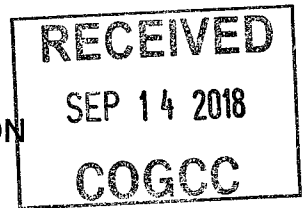


BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO



IN THE MATTER OF AN APPLICATION BY)
VERDAD RESOURCES, LLC FOR AN ORDER)
TO MODIFY AN APPROXIMATE 640-ACRE)
DRILLING AND SPACING UNIT TO INCLUDE)
THE FORT HAYS, CODELL, AND CARLILE)
FORMATIONS, AND TO ESTABLISH WELL)
LOCATION RULES APPLICABLE TO THE)
DRILLING OF WELLS AND PRODUCING OF)
OIL, GAS, AND ASSOCIATED)
HYDROCARBONS FROM THE NIOBRARA,)
FORT HAYS, CODELL, AND CARLILE)
FORMATIONS FOR SECTION 35, TOWNSHIP 9)
NORTH, RANGE 60 WEST, 6TH P.M.,)
UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 181200896

Type: SPACING

APPLICATION

Verdad Resources, LLC ("Applicant" or "Verdad"), Operator No. 10651, 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 modifying an approximate 640-acre drilling and spacing unit for Section 35, Township 9 North, Range 60 West, 6th P.M. to include the Fort Hays, Codell, and Carlile Formations and to establish well location rules such that the treated interval of each wellbore within the unit shall be located no closer than 300 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located within the unit. 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 the right to drill, and is an Owner as defined by Commission rules, in the following lands ("Application Lands"):

Township 9 North, Range 60 West, 6th P.M.
Section 35: 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 March 8, 2011, the Commission entered Order No. 535-3, which established 160 approximate 640-acre drilling and spacing units for certain lands in Townships 8, 9, and 10, North, Ranges 58 through 62 West, 6th P.M., and approved one horizontal well in each unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbores to be 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 February 11, 2013, the Commission entered Order No. 535-265, which approved up to six horizontal wells within each of five approximate 640-acre drilling and spacing units covering certain lands in Townships 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 horizontal wellbore to be no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. The Application Lands are subject to this Order for the Niobrara Formation.

6. On March 25, 2013, the Commission entered Order No. 535-287, which, among other things, pooled all interests within an approximate 640-acre drilling and spacing unit for Section 35, Township 9 North, Range 60 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S., against any nonconsenting owners in the Shull 35-11-9-60 Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. The Application Lands are subject to this Order for the Niobrara Formation.

7. On July 29, 2013, the Commission entered Order No. 535-371, which approved up to thirteen horizontal wells within an approximate 640-acre drilling and spacing unit for Section 35, Township 9 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be no closer than 600 feet from the unit boundaries, and no closer than 300 feet from the treated interval of any other wellbore located in the unit. The Application Lands are subject to this Order for the Niobrara Formation.

8. On January 27, 2014, the Commission entered Order No. 535-456, which approved one additional well within an approximate 640-acre drilling and spacing unit for Section 35, Township 9 North, Range 60 West, 6th P.M., for a total of up to fourteen horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbores within the unit located no closer than 300 feet from the productive interval of any other wellbore producing from the Niobrara Formation, and no closer than 300 feet from the exterior boundaries of the unit, except along the west and south section line of Section 35, Township 9 North, Range 60 West, 6th P.M. which shall be no closer than 600 feet from the exterior unit boundary, with a further exception allowing for corresponding reciprocal setbacks of 300 feet along the western section line of Section 35, Township 9 North, Range 60 West, 6th P.M. upon application and approval of 300 foot boundary setbacks by the Commission for the eastern section line of Section 34, Township 9 North, Range 60 West, 6th P.M.,

and corresponding reciprocal setbacks of 300 feet along the southern section line of Section 35, Township 9 North, Range 60 West, 6th P.M., upon application and approval of 300 foot boundary setbacks by the Commission for the northern section line of Section 2, Township 8 North, Range 60 West, 6th P.M., without exception being granted by the Director. The Application Lands are subject to this Order for the Niobrara Formation.

9. The following horizontal wells have been drilled on the 640-acre unit covering the Application Lands:

Well Name	API No.
Shull 1-35-9-60	05-123-37239
Shull 2-35-9-60	05-123-37237
Shull 3-35-9-60	05-123-40028

Applicant is the Operator of these wells and maintains that they are not affected by this Application.

10. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission modify an approximate 640-acre drilling and spacing unit for the below-described Application Lands to include the Fort Hays, Codell, and Carlile Formations, and to establish well location rules such that the treated interval of each wellbore within the unit shall be located no closer than 300 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located within the unit, unless an exception is granted by the Director:

Township 9 North, Range 60 West, 6th P.M.
Section 35: All

11. Applicant requests no additional wells within the 640-acre drilling and spacing unit established for the Application Lands, for a total of fourteen (14) horizontal wells within the unit. The target formations for horizontal development consist of the respective benches of the Niobrara Formation and the Codell Formation. However, to account for the relative thickness of the Codell Formation in this area, Applicant has requests that the Fort Hays Formation and Carlile Formation be included within the established unit.

12. Applicant requests authority to drill those wells necessary to determine the appropriate well density that allows for the most economic and efficient drainage of the Niobrara, Fort Hays, Codell, and Carlile Formations, that prevents waste, that protects correlative rights, and that assures the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Application Lands.

13. The proposed drilling and spacing unit is not smaller than the maximum area that can be drained by the proposed wells within the unit, and will have no adverse effect on correlative rights of adjacent owners.

14. Applicant states that the wells be drilled and operated from three (3) surface locations within the unit or from legal locations on adjacent lands, without exception granted by the Director.

15. 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 this Application shall be served on each interested party within seven (7) days after filing of the Application as required by Rules 503.e., 507.b.(1), and 507.c.

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 13th day of September, 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

Attorneys for Verdad Resources, LLC

Applicant's Address:

Verdad Resources, LLC
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235
Attn: Lemar Safi
Phone: 214-838-2758

VERIFICATION

STATE OF TEXAS

)

SS.

CITY & COUNTY OF DALLAS

)

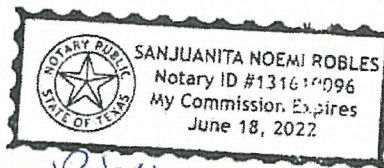
Lemar Safi, Landman for Verdad Resources, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

VERDAD RESOURCES, LLC

Lemar Safi
Landman

Subscribed and sworn to before me this 12th day of September 2018 by Lemar Safi,
Landman for Verdad Resources, LLC.

Witness my hand and official seal.



Notary Public

Notary Public
My Commission Expires: June 18 2022

EXHIBIT A

INTERESTED PARTIES

Weld County

Jason Maxey

Weld County

Department of Planning Services

1555 North 17th Ave.

Greeley CO 80631

Colorado Department of Public Health and Environment

Attn: Oil and Gas Liaison

4300 Cherry Creek Dr. South

Denver, CO 80246-1530

Colorado Division of Wildlife

Northeast Region Office

6060 Broadway

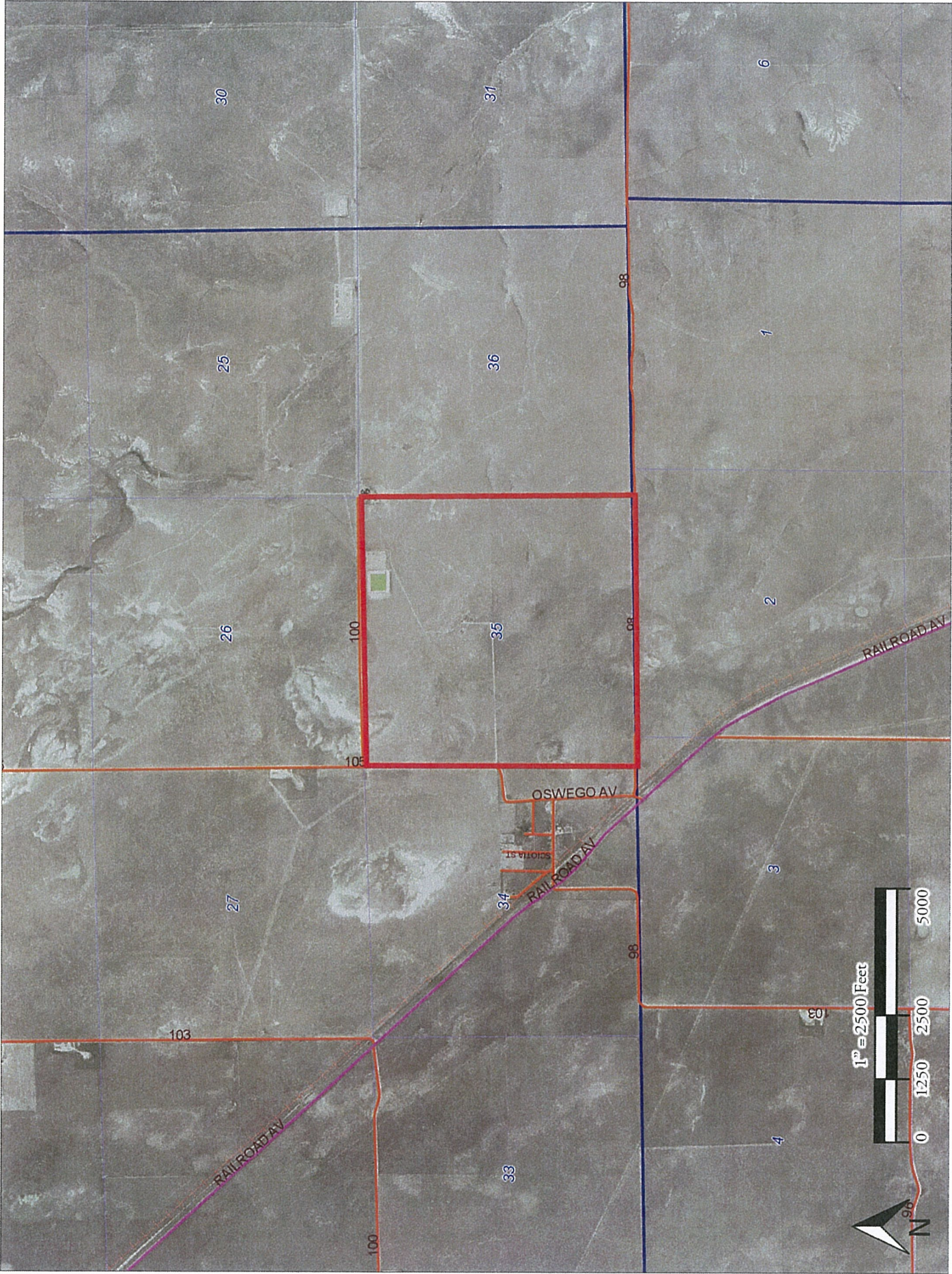
Denver, CO 80216

EXHIBIT A

INTERESTED PARTIES

Noble Energy WyCo, LLC
Haimo Oil & Gas LLC
Oil India (USA) Inc.
IOCL (USA) Inc.
Bison Oil & Gas II, LLC
DPOC, LLC
Incline Niobrara Partners, LP
Dylan B. Stanley
Bruce T. Hoag
The Darlene M. Sheller Irrevocable Trust dated July 31, 2014
Richard Paden
E. Kenneth Whitney
Ted E. Miller and Joyce A. Miller
Mark Villereal and Johnny Daniel Morales.
Heirs of Raymond L. Crouse
Spencer J. Dunn
Oran Schmeekle and Jennifer Schmeekle
Richard Dean Bivens and Paula Dee Bivens
James E. McNeal and Stephen W. McNeal

Exhibit B - Application Lands



BEFORE THE OIL AND GAS CONSERVATION COMMISSION
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VERDAD RESOURCES, LLC FOR AN ORDER)
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UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 181200896

Type: SPACING

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:

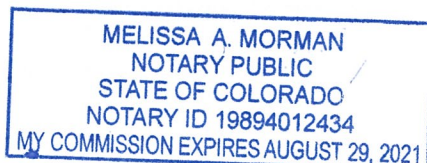
That I am the attorney for Verdad Resources, LLC and that on or before September 20, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

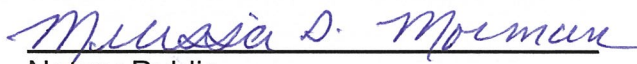


Geoffrey W. Storm

Subscribed and sworn to before me September 20, 2018.

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021