

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 960-ACRE)
DRILLING AND SPACING UNIT AND)
APPROVING UP TO FOURTEEN HORIZONTAL)
WELLS WITHIN THE UNIT, WITH WELL)
LOCATION RULES FOR THE DRILLING OF)
WELLS AND PRODUCING OF OIL, GAS, AND)
ASSOCIATED HYDROCARBONS FROM THE)
NIOBRARA AND CODELL FORMATIONS FOR)
CERTAIN LANDS IN SECTIONS 28 AND 33,)
TOWNSHIP 2 NORTH, RANGE 64 WEST, 6TH)
P.M., WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. 407

Docket No. 181200901

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 establishing an approximate 960-acre drilling and spacing unit for the S½ of Section 28 and all of Section 33, Township 2 North, Range 64 West, 6th P.M., and approving up to fourteen (14) new horizontal wells within the unit, for the production 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 2 North, Range 64 West, 6th P.M.

Section 28: S½

Section 33: All

Weld County, Colorado

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

3. 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 the production of oil, gas, and associated hydrocarbons from the Codell-Niobrara Formations, the

Codell Formation, and the Niobrara Formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1.

4. 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. Applicant requests that any such vertical wells continue to be governed by Order No. 407-87 or any other applicable order, and that production continue to be distributed in accordance therewith.

5. 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.

6. On March 15, 2018, the Commission approved a Form 2 Application for Permit-to-Drill the Jackson 33-6H Well (API No. 05-123-46494), and in so doing, administratively approved an approximate 240-acre designated Rule 318A horizontal wellbore spacing unit. On March 28, 2018, the Jackson 33-6H Well was spud. The Jackson 33-6H Well has yet to be completed. Applicant is the Operator of the Jackson 33-6H Well, and requests that it continue to be governed, and that any proceeds be distributed, in accordance with its applicable permits, rules, and orders.

7. On March 15, 2018, the Commission approved a Form 2 Application for Permit-to-Drill the Jackson 33-7H Well (API No. 05-123-46497), and in so doing, administratively approved an approximate 240-acre designated Rule 318A horizontal wellbore spacing unit. On March 29, 2018, the Jackson 33-7H Well was spud. The Jackson 33-7H Well has yet to be completed. Applicant is the Operator of the Jackson 33-7H Well, and requests that it continue to be governed, and that any proceeds be distributed, in accordance with its applicable permits, rules, and orders.

8. The Commission approved Form 2 Applications for Permit-to-Drill for the following wells, which are each proposed to be spaced on Rule 318A horizontal wellbore spacing units.

API NO.	WELL NAME
05-123-46493	Jackson 33-4H
05-123-46495	Jackson 33-5H
05-123-46496	Jackson 33-3H
05-123-46498	Jackson 33-2H
05-123-46499	Jackson 33-8H
05-123-46518	Jackson 33-1H
05-123-46698	Jackson 33-S2H
05-123-46699	Jackson 33-S1H

Applicant is the permitholder for the above-described wells, and intends to withdraw/sundry the undrilled permits as requested by the Commission.

9. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission establish an approximate 960-acre drilling and spacing unit for the below-described Application Lands, and approve a total of up to fourteen (14) horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the treated interval of any well within the unit located no closer than 460 feet from the unit boundary, and no closer than 150 feet from the treated interval of any other wellbore producing from the same common source of supply within the unit, without exception being granted by the Director:

Township 2 North, Range 64 West, 6th P.M.

Section 28: S½

Section 33: All

10. Applicant requests authority to drill only those wells necessary to determine the appropriate well density that allows for the most economic and efficient drainage of the Niobrara and Codell 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.

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

12. As described above, the Jackson 33-6H Well and the Jackson 33-7H Well are drilled within the Application Lands, but are spaced on 318A designated wellbore spacing units. Applicant's requested wells within the drilling and spacing unit are in excess of the Jackson 33-6H and Jackson 33-7H Wells.

13. 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.

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. Rule 507.b.(1), and Rule 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.

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Dated this 7 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.

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

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.

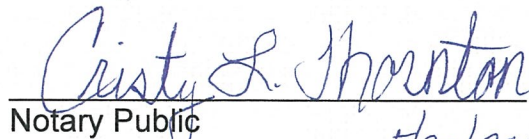
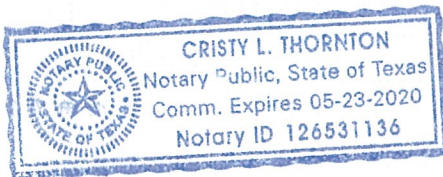
VERDAD RESOURCES LLC



Lemar Safi

Subscribed and sworn to before me this 7th day of September, 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 UNDER RULE 507.c.

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
Department of Planning Services
1555 North 17th Ave.
Greeley, CO 80631

Keenesburg Municipality

Marc Johns
Town of Keenesburg
140 South Main St., PO Box 312
Keenesburg, CO 80643

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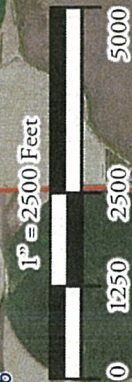
EXHIBIT A

INTERESTED PARTIES

Anadarko Land Corporation
Kerr-McGee Oil & Gas Onshore LP
PDC Energy Inc, Inc.
Weld County, Colorado

This is an aerial photograph used as a site plan or map. It shows a landscape with agricultural fields, some buildings, and a road network. Key features include:

- A red rectangular boundary enclosing a central portion of the map.
- An orange line tracing a path through the upper left quadrant.
- A green line following a major road labeled "I-76".
- Black text labels for roads: "WOODWARD AVE", "OLD SH 6", "PRAIRIE AVENUE", "MAIN ST", "ELM ST", "ASH ST", "CAMBERT ST", "KIDDER AV", "ST CLARK HWY", and "19TH ST".
- Numerical parcel identifiers scattered across the map, such as 18, 19, 20, 21, 22, 23, 27, 29, 30, 31, 32, 33, 34, 35, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.
- A scale bar at the bottom right indicating distances from 0 to 5000 feet, with intermediate markings at 1250 and 2500 feet.
- A north arrow pointing towards the top right corner.



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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:

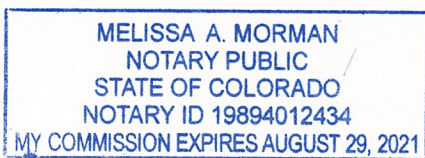
That I am the attorney for Verdad Resources LLC and that on or before September 28, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties on the Exhibit A to the Application.

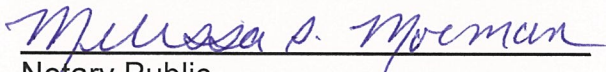


Geoffrey W. Storm

Subscribed and sworn to before me September 28, 2018

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021