

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

IN THE MATTER OF THE PROMULGATION) CAUSE NO.
AND ESTABLISHMENT OF FIELD RULES)
TO GOVERN OPERATIONS FOR THE) DOCKET NO.
NIOBRARA AND CODELL FORMATIONS,)
WATTENBERG FIELD, ADAMS COUNTY,) TYPE: SPACING
COLORADO)

APPLICATION

Verdad Resources LLC (Operator No. 10651) (“Verdad” or “Applicant”), by and through its attorneys Burns, Figa & Will, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order to: (1) vacate Order No. 407-2226; and (2) establish an approximate 1,280-acre drilling and spacing unit for the Application Lands for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, and approve up to sixteen (16) horizontal wells drilled from a maximum of three (3) well pads for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations on the following described lands:

Township 1 South, Range 65 West, 6th P.M.

Section 1: All

Section 12: All

Adams County, Colorado (containing approximately 1,280 acres)

Referred herein as the “Application Lands.” A reference map depicting the Application Lands is attached hereto and marked as Exhibit B.

In support of its Application, Verdad states and alleges as follows:

1. Verdad is a corporation duly authorized to do business in Colorado and is a registered Operator in good standing with the Commission.

2. Verdad is an Owner with the right to drill into and produce from the Application Lands.

3. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. Sections 1 and 12 of Township 1 South, Range 65 West, 6th P.M., are subject to this rule for the Niobrara and Codell Formations.

4. On February 19, 1992, the Commission entered Order No. 407-87 (amended August 20, 1993) 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 Sections 1 and 12 of Township 1 South, Range 65 West, 6th P.M., with the permitted well locations in accordance with the provisions of Order No. 407-1.

5. On October 30, 2017, the Commission entered Order No. 407-2226, which, among other things, established an approximate 1,600-acre drilling and spacing unit for Sections 1 and 12, Township 1 South, Range 65 West, 6th P.M., and the S½ of Section 36, Township 1 North, Range 65 West, 6th P.M., and approved up to sixteen horizontal wells within the drilling and spacing unit for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations.

6. Verdad excludes from this Application all existing vertical and directional wells located on the Application Lands, to the extent they are still producing, and asserts that the production and payments from the existing vertical and directional wells should be maintained under the authority of all applicable Commission rules and orders.

7. Verdad requests that the Commission approve the development of up to sixteen (16) horizontal wells in the proposed approximate 1,280-acre drilling and spacing unit for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations. The proposed wells will be drilled from surface locations described in Rule 318A or on other lands with consent of the landowner, unless an exception is granted by the Director. The wells will be stacked by formation to comply with the minimum distances from the outer boundaries of the proposed drilling and spacing unit and from any other well producing from the Codell and Niobrara Formations.

8. Applicant states that, for any permitted wells to be drilled under this Application, the treated intervals of the wellbores shall be no less than 460 feet from the unit boundaries and the interwell setbacks shall be no less than 150 feet from the treated interval of any other well producing from the Niobrara and Codell Formations, unless an exception is granted by the Director.

9. The proposed wells shall be drilled from a maximum of three (3) well pads located within the approximate 1,280-acre drilling and spacing unit, or on adjacent lands with consent of the landowner, unless an exception is granted by the Director.

10. The granting of this Application is in accordance with the Oil and Gas Conservation Act, C.R.S. § 34-60-101 et seq., and the Commission Rules.

11. Verdad requests that the relief granted under this Application be effective upon oral order of the Commission, and Verdad hereby agrees to be bound by such oral order.

12. The names of the interested parties, according to Verdad's information and belief, are set forth in the attached Exhibit A, and the undersigned certifies that copies of this Application will be served on each interested party at least thirty-five (35) days in

advance of any Commission hearing at which the matter will first be heard, pursuant to Rule 507.

WHEREFORE, Verdad respectfully requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that the Commission enter an Order to:

- A. Vacate Order No. 407-2226;
- B. Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands and approve 16 horizontal wells in the proposed unit, for production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations;
- C. Require the productive interval of the wellbore of any permitted wells in the unit to be located no closer than 460 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located in the unit; and
- D. Provide that the wells shall be drilled a maximum of three (3) well pads within the unit subject to Rule 318A. or on adjacent lands, unless an exception is granted by the Director.

[SIGNATURE PAGE FOLLOWS]

DATED this 10th day of October, 2018.

Respectfully submitted,

VERDAD RESOURCES LLC

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Exhibit A

Interested Party List
Spacing Application

Township 1 South, Range 65 West, 6th P.M.
Section 1: All
Section 12: All

Verdad Resources LLC	Adams County
Colorado Parks and Wildlife	Colorado Department of Public Health & Environment
Extraction Oil & Gas, Inc.	K. P. Kauffman LLC

Exhibit B

Reference Map of Application Lands



