

**BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**

IN THE MATTER OF AN APPLICATION BY
EXTRACTION OIL & GAS INC. FOR AN ORDER
ESTABLISHING AN APPROXIMATE 960-ACRE
DRILLING AND SPACING UNIT FOR PORTIONS OF
SECTIONS 19, 30, AND 31, TOWNSHIP 2 NORTH,
RANGE 68 WEST, 6TH P.M., FOR HORIZONTAL
WELL DEVELOPMENT OF THE NIOBRARA AND
CODELL FORMATIONS, WATTENBERG FIELD,
WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING

APPLICATION

Extraction Oil & Gas Inc., Operator No. 10459 ("Extraction" or "Applicant"), by and through its attorneys, Beatty & Wozniak, 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 portions of Sections 19, 30, and 31, Township 2 North, Range 68 West, 6th P.M., and authorizing the drilling of ten horizontal wells within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. 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 has registered as an operator with the Commission.

2. Applicant is an owner in the below-listed lands:

Township 2 North, Range 68 West, 6th P.M.

Section 19: W $\frac{1}{2}$

Section 30: W $\frac{1}{2}$

Section 31: W $\frac{1}{2}$

960 acres, more or less, Weld County, Colorado.

These lands are hereinafter referred to as the "Application Lands" and depicted in Exhibit A attached hereto.

3. On April 27, 1998, the Commission adopted 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 of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A. was

again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A.

4. The online records maintained by the Commission indicate that numerous vertical and directional wells are currently producing from the Codell and/or Niobrara Formations in the Application Lands, as depicted on Exhibit B attached hereto. Applicant hereby confirms that each of these wells shall remain subject to applicable spacing orders of the Commission, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable spacing orders for these wells. As of the date of this Application, no horizontal wells have been drilled within the proposed unit.

Establishing a 960-acre drilling and spacing unit for the Application Lands and authorizing up to ten horizontal wells for development of the Niobrara and Codell Formations

5. Applicant requests the Commission establish the Application Lands as an approximate 960-acre drilling and spacing unit for the Niobrara and Codell Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Niobrara and Codell Formations.

6. Applicant requests it be authorized to drill and complete ten horizontal wells in the approximate 960-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

Setback and Location Requirements

7. Applicant requests that setback and location requirements for the Application Lands be as follows:

A. For any permitted wells to be drilled under this Application, the treated intervals of the wellbore should be not less than 460 feet from the boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director.

B. Any horizontal wells to be drilled under this Application for production from the Niobrara and Codell Formations will be drilled in a north/south orientation, from the surface of the drilling unit, or on adjacent lands with consent of the

landowner, from no more than two surface locations, unless an exception is granted by the Director.

8. 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 said oral order.

9. 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.

10. The undersigned certifies that copies of this Application will be served on each interested party 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, the Commission enter an order:

A. Establishing an approximate 960-acre drilling and spacing unit for Application Lands, and authorizing the drilling of ten 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 the wellbore of the permitted wells to be located not less than 460 feet from the boundaries of the unit and not less than 150 feet from the treated interval of any well being drilled or producing from the Niobrara and Codell Formations, without exception being granted by the Director.

B. Providing that the horizontal wells to be drilled in the unit will be drilled from the surface of the drilling unit, or on adjacent lands with consent of the landowner, from no more than two surface locations, unless an exception is granted by the Director.

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

DATED this 18th day of October, 2018.

Respectfully submitted,

EXTRACTION OIL & GAS INC.

By: 
Jillian Fulcher
James P. Parrot
Jobediah J. Rittenhouse
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499
jfulcher@bwenergylaw.com
jparrot@bwenergylaw.com
jrittenhouse@bwenergylaw.com

Address of Applicant
Extraction Oil & Gas Inc.
ATTN: Jason Rayburn
370 17th Street, Suite 5300
Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

Jason Rayburn, Staff Landman for Extraction Oil & Gas Inc., 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.


Jason Rayburn

Subscribed and sworn to before me this 18th day of October, 2018, by Jason Rayburn, Staff Landman for Extraction Oil & Gas Inc..

Witness my hand and official seal.

My commission expires: 1/4/21

ANNE MICHELLE PIERINI Notary Public State of Colorado Notary ID # 20124036744 My Commission Expires 01-04-2021
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Notary Public

EXHIBIT A

Reference Map for Application

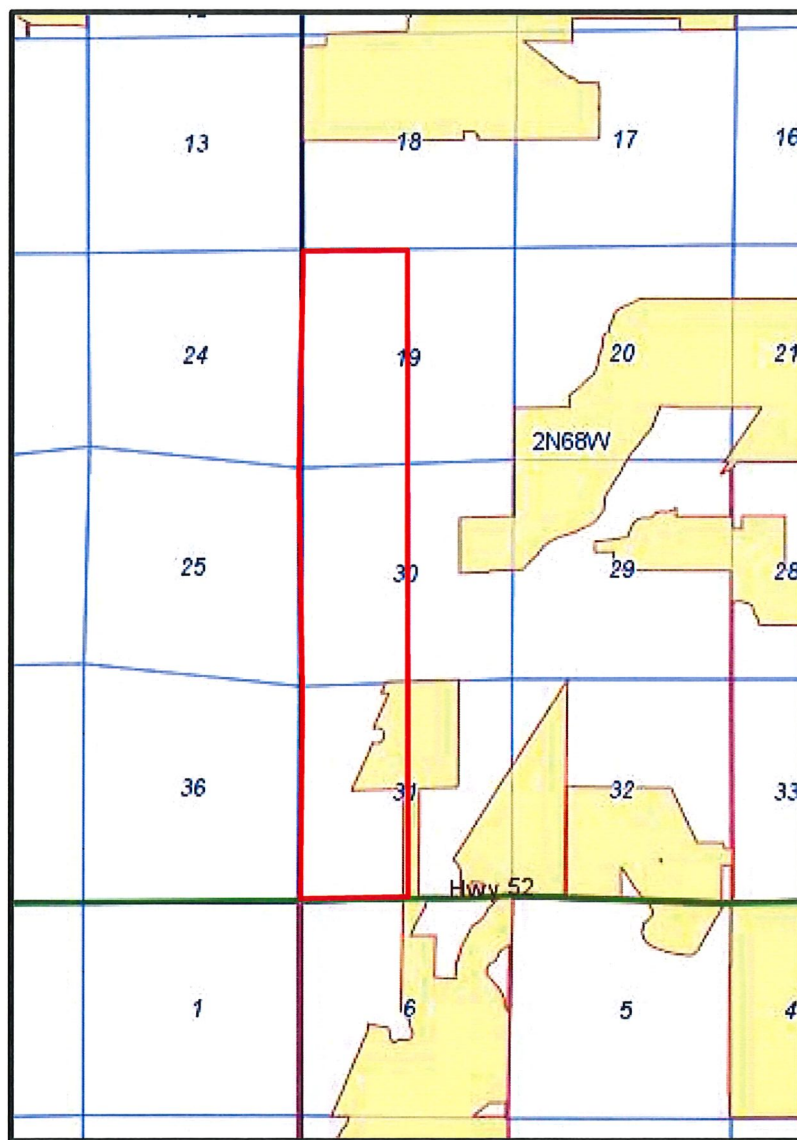
Township 2 North, Range 68 West, 6th P.M.

Section 19: W $\frac{1}{2}$

Section 30: W $\frac{1}{2}$

Section 31: W $\frac{1}{2}$

960 acres, more or less, Weld County, Colorado



= Application Lands

EXHIBIT B

Producing Vertical and Directional Wells

Township 2 North, Range 68 West, 6th P.M.

Section 19: W $\frac{1}{2}$

Section 30: W $\frac{1}{2}$

Section 31: W $\frac{1}{2}$

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