

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

IN THE MATTER OF THE <b>AMENDED</b>	)	Cause No. 407
APPLICATION OF EXTRACTION OIL & GAS,	)	
INC. FOR AN ORDER ESTABLISHING AN	)	Docket No. 181200960
APPROXIMATE 1,280-ACRE DRILLING AND	)	
SPACING UNIT AND APPROVING UP TO	)	Type: SPACING
SEVEN HORIZONTAL WELLS WITHIN THE	)	
UNIT WITH WELL LOCATION RULES	)	
APPLICABLE TO THE DRILLING OF WELLS	)	
AND PRODUCING OF OIL, GAS, AND	)	
ASSOCIATED HYDROCARBONS FROM THE	)	
NIOBRARA FORMATION FOR SECTION 36,	)	
TOWNSHIP 1 SOUTH, RANGE 66 WEST, 6TH	)	
P.M., AND SECTION 1, TOWNSHIP 2 SOUTH,	)	
RANGE 66 WEST, 6TH P.M., WATTENBERG	)	
FIELD, ADAMS COUNTY, COLORADO.	)	

**AMENDED APPLICATION**

Extraction Oil & Gas, Inc. (Applicant), Operator No. 10459, by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this **Amended** Application to the Oil and Gas Conservation Commission of the State of Colorado (Commission) for an order establishing an approximate 1,280-acre drilling and spacing unit, and approving up to seven (7) horizontal wells within the unit, with well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbons from the Niobrara Formation. In support of its **Amended** Application, Applicant states as follows:

1. Applicant owns leasehold interests and/or is an Owner with a right to drill in the following lands (Application Lands):

Township 1 South, Range 66 West, 6th P.M.  
Section 36: All

Township 2 South, Range 66 West, 6th P.M.  
Section 1: All

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

2. On April 27, 1988, 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.

3. On February 19, 1992, amended August 20, 1993, the Commission entered Order No. 407-87, which established 80-acre drilling and spacing units for the production of oil and/or gas from the Niobrara Formation, the Codell Formation, and the Niobrara-Codell Formations underlying certain lands including the Application Lands, with permitted well locations in accordance with the provisions of Order No. 407-1.

4. On November 16, 1992, the Commission entered Order No. 407-125, which established 320-acre drilling and spacing units for vertical wells drilled and completed or recompleted in the Dakota, "J" Sand, Codell, Niobrara, Sussex and Shannon Formations, where the production is commingled or dually completed with the Dakota and "J" Sand Formations underlying a Codell-Niobrara Spaced Area.

5. There are vertical wells within the Application Lands that are subject to vertical spacing orders. Applicant requests that any such vertical wells continue to be governed by Order No. 407-87, 407-125, and/or all other applicable Commission Rules and Orders, and that production continue to be distributed in accordance therewith

6. On June 17, 2013, the Commission entered Order No. 407-800, which established an approximate 640-acre drilling and spacing unit for Section 36, Township 1 South, Range 66 West, 6th P.M., and approved up to sixteen (16) horizontal wells within the unit to the Niobrara Formation, and four (4) horizontal wells within the unit to the Codell Formation, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the treated interval of the wellbore located no closer than 460 feet from the unit boundaries, and no closer than 150 feet from the treated interval of any other wellbore located within the unit, without exception being granted by the Director. Section 36, Township 1 South, Range 66 West, 6th P.M. is subject to this order for the Niobrara and Codell Formations.

7. On June 12, 2017, the Commission entered Order No. 407-2075, which pooled all interests in two approximate 560-acre designated horizontal wellbore spacing units established for certain lands, including the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 36, Township 1 South, Range 66 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7)(b)(II), C.R.S., against any non-consenting owners in the Alma 1S-66-2524 19NH Well (API No. 05-001-10020) and the Alma 1S-66-2524 20CDH Well (API No. 05-001-10027), for the development and operation of the Niobrara Formation.

8. On June 12, 2017, the Commission entered Order No. 407-2076, which pooled all interests in 16 approximate 560-acre designated horizontal wellbore spacing units established for certain lands, including the NE $\frac{1}{4}$ NW $\frac{1}{4}$  and the N $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 36, Township 1 South, Range 66 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7)(b)(II), C.R.S., against any non-consenting owners in the Alma 1S-66-2524-3CDH Well (API No. 05-001-10009), Alma 1S-66-2524-4NH Well (API No. 05-001-10011), Alma 1S-66-2524-5NH Well (API No. 05-001-10013), Alma 1S-66-2524-6NH Well (API No. 05-001-10014), Alma 1S-66-

2524-7CDH Well (API No. 05-001-10018), Alma 1S-66-2524-8NH Well (API No. 05-001-10026), Alma 1S-66-2524-9NH Well (API No. 05-001-10022), Alma 1S-66-2524-10CDH Well (API No. 05-001-10015), Alma 1S-66-2524-11NH Well (API No. 05-001-10024), Alma 1S-66-2524-12NH Well (API No. 05-001-10021), Alma 1S-66-2524-13NH Well (API No. 05-001-10025), Alma 1S-66-2524-14CDH Well (API No. 05-001-10019), Alma 1S-66-2524-15NH Well (API No. 05-001-10017), Alma 1S-66-2524-16NH Well (API No. 05-001-10028), Alma 1S-66-2524-17CDH Well (API No. 05-001-10016), and the Alma 1S-66-2524-18NH Well (API No. 05-001-10023), for the development and operation of the Niobrara Formation.

9. The producing, or planned producing, intervals of the wells pooled by Order Nos. 407-2075 and 407-2076 are outside the Application Lands. Applicant is the Operator of these wells and/or permits, maintains that Rule 318A allows for overlapping designated horizontal wellbore spacing units, and requests that the wells pooled by Order Nos. 407-2075 and 407-2076 continue to be governed, and proceeds continue to be distributed, according to their applicable permits, rules and orders.

10. The following horizontal wells were drilled in Section 36, Township 1 South, Range 66 West, 6th P.M., pursuant to Order No. 407-800:

WELL NAME	API NO.
State of CO 1-66-36-1609CDH	05-001-09780
State of CO 1S-66-36-1609BH	05-001-09781
State of CO 1S-66-36-0108CH	05-001-09782
State of CO 1S-66-36-0108BH	05-001-09783
State of CO 1S-66-36-1609CH	05-001-09785

(the "State Wells"). The State Wells are currently "shut-in." Applicant is the Operator of the State Wells, and requests that the State Wells continue to be governed, and proceeds, if any, continue to be distributed, in accordance with their applicable rules and orders.

11. The Commission issued Form 2 Application for Permits-to-Drill for the following wells:

WELL NAME	API NO.
State of CO 1S-66-36-1724BH	05-001-09784
State of CO 1S-66-36-1724CH	05-001-09786
State of CO 1-66-36-3225CDH	05-001-09787
State of CO 1S-66-36-3225BH	05-001-09788
State of CO 1S-66-36-3225CH	05-001-09789

(the "State South Wells"). Applicant is the permit holder for the State South Wells. The State South Wells were surface-hole spud, but were not drilled into the respective target formation, or completed as a well capable of producing oil, gas, and associated hydrocarbons. Applicant has plans with respect to the State South Wells that will not result in the wells being drilled pursuant to Order No. 407-800.

12. Consistent with this **Amended** Application, Applicant intends to file the following seven Form 2 Applications for Permit-to-Drill for horizontal wells to be drilled within the unit:

WELL NAME	API NO.
Alma 1S-66W 3601 9NH	PENDING
Alma 1S-66W 3601 8NH	PENDING
Alma 1S-66W 3601 7NH	PENDING
Alma 1S-66W 3601 6NH	PENDING
Alma 1S-66W 3601 5NH	PENDING
Alma 1S-66W 3601 4NH	PENDING
Alma 1S-66W 3601 3NH	PENDING

(the "Alma South Wells"). The Alma South Wells are north-south horizontal wells spaced pursuant to this **Amended** Application.

13. The State of Colorado 1S-66W-36 1609CH Well (API No. 05-001-09785) was drilled and completed to the following locations (all footages for Section 36, Township 1 South, Range 66 West, 6th P.M.):

WELL NAME	API NO.	SHL	LPL	BHL
Colorado 1S-66W-36 1609CH	05-001-09785	1313' FNL, 299' FWL	1343' FNL, 500' FWL	1343' FNL, 500' FEL

A COGCC Form 4 for the State of Colorado 1S-66W-36 1609CH is attached hereto as Exhibit C. **Applicant's requested well location rules are consistent with the location of the State of Colorado 1S-66W-36 1609CH Well.**

14. To promote efficient drainage of the Niobrara Formation, and to assist in preventing waste, the Commission should:

- (a) Modify an approximate 640-acre drilling and spacing unit established by order No. 407-800 for Section 36, Township 1 South, Range 66 West, 6th P.M., to be specific to the State Wells, and to disallow any additional horizontal wells, **including the State South Wells**, from being drilled pursuant to the unit;
- (b) Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approve up to seven (7) horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.
- (c) Provide that the treated interval of each permitted wellbore within the unit shall be 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.

15. Applicant requests authority to drill only those wells necessary to efficiently and economically recover the oil, gas, and associated hydrocarbons from the Niobrara Formation within the Application Lands, thereby protecting correlative rights and preventing against waste.

16. Applicant maintains that the **Amended** Application will allow for efficient drainage of the Niobrara Formation, will prevent waste, will protect correlative rights, and will assure a greater ultimate recovery of oil, gas and associated hydrocarbons.

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

18. Applicant states that the wells be drilled from no more than one (1) surface location within the unit and/or at a legal location on adjacent lands, without exception granted by the Director.

19. 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~~ **the Application were**, ~~shall be~~ served on each interested party within seven days after filing of the Application as required by Rules 503.e and 507.b.(1). **Applicant further certifies that all parties will receive notice of the Amended Application at least 35 days in advance of the hearing.**

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 6 day of ~~November~~ ~~October~~, 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, Colorado 80202  
303-830-2500  
jpierzchala@wsmtlaw.com  
gstorm@wsmtlaw.com

Applicant's Address:

Extraction Oil & Gas, Inc.  
370 17<sup>th</sup> Street, Suite 5300  
Denver, CO 80202  
Attn: Philip Zaranka  
Phone: 720-557-8325

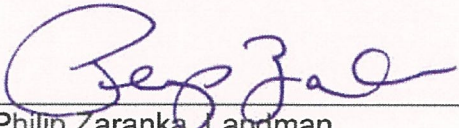


VERIFICATION

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

Philip Zaranka, Landman with Extraction Oil & Gas, Inc., upon oath deposes and says that he has read the foregoing Amended Application and that the statements contained therein are true to the best of his knowledge, information and belief.

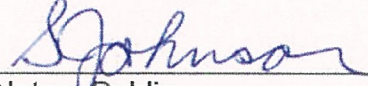
EXTRACTION OIL & GAS, INC.

  
\_\_\_\_\_  
Philip Zaranka, Landman

Subscribed and sworn to before me this 6 day of November, 2018 by Philip Zaranka, Landman for Extraction Oil & Gas, Inc.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public

My Commission Expires: 11/6/2018

**EXHIBIT A**

PARTIES ENTITLED TO NOTICE UNDER RULE 507.c.

**Adams County**

Christine Dougherty  
Adams County  
4430 South Adams County Pkwy,  
Brighton CO 80601

**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

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EXHIBIT A CONTINUED ON NEXT PAGE



**EXHIBIT A**

**INTERESTED PARTIES**

Extraction Oil & Gas, Inc.  
The City and County of Denver  
The State of Colorado



# Exhibit B - Application Lands

