

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 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 66 West, 6th P.M.

Section 14: All

Section 15: 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 14 and 15 of Township 1 South, Range 66 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 14 and 15 of Township 1 South, Range 66 West, 6th P.M., with the permitted well locations in accordance with the provisions of Order No. 407-1.

5. 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.

6. The proposed drilling and spacing unit contains Colorado State Board of Land Commissioners ("State Land Board") leased and/or unleased minerals. A Communitization Agreement with the State Land Board will be required for all wells drilled under the terms of the requested order. A Communitization Agreement must be obtained prior to drilling operations that access any State Land Board minerals.

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. 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;
- B. 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
- C. 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 18th day of October, 2018.

Respectfully submitted,

VERDAD RESOURCES LLC

By:



Michael T. Jewell, Esq. #40902

Courtney M. Shephard, Esq. #47668

Burns, Figa & Will, P.C.

6400 S. Fiddler's Green Circle – Suite 1000

Greenwood Village, CO 80111

Verdad Resources LLC
Lemar Safi, Landman
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235-6803

VERIFICATION

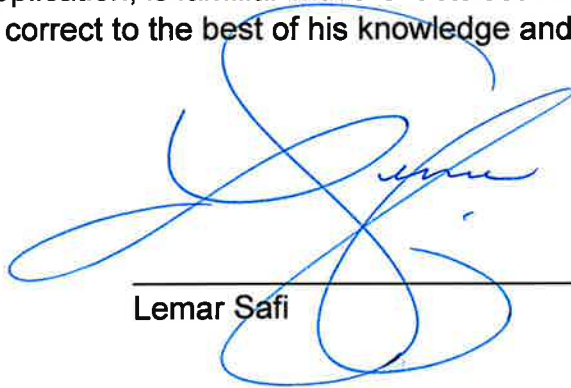
STATE OF TEXAS)
)
COUNTY OF DALLAS) ss.

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. He is a Landman for Verdad Resources LLC, whose address is 5950 Cedar Springs Road, Suite 200, Dallas, Texas 75235-6803.

2. He has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.



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Exhibit A

Interested Party List
Spacing Application

Township 1 South, Range 66 West, 6th P.M.

Section 14: All

Section 15: All

Verdad Resources LLC	Adams County
Colorado Parks and Wildlife	Colorado Department of Public Health & Environment
City of Brighton	Beebe Draw Water and Sanitation District, c/o City of Brighton
BNSF Railway Company	Board of County Commissioners of Adams County, CO
Colorado Department of Transportation	Cynthia S. Peterson
David D. Stegmaier	Extraction Oil & Gas, Inc.
Farmers Reservoir and Irrigation Co.	Gail Stegmaier Arias
Gail Stegmaier Arias, Trustee, The Louisa Stegmaier Trust	Grizzly Petroleum, LLC
Jane B. Shaw, successor interest to William J. Shaw	Jose de Jesus Huizar
Juan P. Huizar Santoyo	Pamela L. Harley and Jean E. Harley
Reba Shaw Estate c/o Jane B. Shaw	Regional Transportation District
Robert G. Resino	Rock Creek Minerals
State of Colorado, Department of Natural Resources	Tri-State Generation and Transmission Association Inc.
Vessels Oil & Gas Company	Zenith Energy, LLC

Exhibit B

Reference Map of Application Lands

