

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, FORT HAYS, CODELL, AND )	
CARLILE FORMATIONS, UNNAMED FIELD, )	TYPE:                SPACING
WELD COUNTY, 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. 535-90 insofar as it covers the Application Lands; and (2) establish an approximate 640-acre drilling and spacing unit for the Application Lands for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile 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, Fort Hays, Codell, and Carlile Formations on the following described lands:

Township 10 North, Range 59 West, 6<sup>th</sup> P.M.  
Section 18: All

Weld County, Colorado (containing approximately 640 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 October 31, 2018, the Commission entered Order No. 535-90, which, among other things, established an approximate 640-acre drilling and spacing unit for Section 18, Township 10 North, Range 59 West, 6<sup>th</sup> P.M., and an approved up to two horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the permitted wellbore to be located no closer than 600 feet from the boundary of the unit and no closer than 1,200

feet from the treated interval of any other wellbore completed in the Niobrara, without exception being granted by the Director.

4. The Application Lands contain the Jones 18-14-10-59 Well (API No. 05-123-35313), which is operated by Verdad and is currently producing. Verdad excludes from this Application the Jones 18-14-10-59 Well and asserts that production and payments from the Jones 18-14-10-59 Well should be maintained under the authority of all applicable Commission rules and orders.

5. Verdad requests that the Commission approve the development of up to sixteen (16) horizontal wells in the proposed approximate 640-acre drilling and spacing unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations. The Fort Hays and Carlile Formations are non-target formations. The proposed wells will be drilled from surface locations described in Rule 318 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 Niobrara, Fort Hays, Codell, and Carlile Formations.

6. Applicant states that, for any permitted wells to be drilled under this Application, the treated intervals of the wellbores shall be no less than 300 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, Fort Hays, Codell, and Carlile Formations, unless an exception is granted by the Director.

7. The proposed wells shall be drilled from a maximum of three (3) well pads located within the approximate 640-acre drilling and spacing unit, or on adjacent lands with consent of the landowner, unless an exception is granted by the Director.

8. 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.

9. 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.

10. 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. 535-90 insofar as it covers Section 18 of Township 10 North, Range 59 West, 6<sup>th</sup> P.M.;
- B. Establish an approximate 640-acre drilling and spacing unit for the Application Lands and approve sixteen (16) horizontal wells in the proposed unit, for production of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations;
- C. Require the productive interval of the wellbore of any permitted wells in the unit to be located no closer than 300 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 18<sup>th</sup> day of October, 2018.

Respectfully submitted,

VERDAD RESOURCES LLC

By:

  
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Exhibit A

Interested Party List  
Spacing Application

Township 10 North, Range 59 West, 6<sup>th</sup> P.M.  
Section 18: All

Verdad Resources LLC	Weld County
Colorado Parks and Wildlife	Colorado Department of Public Health & Environment
OIL India (USA) Inc.	IOCL (USA) Inc.
Haimo Oil and Gas LLC	8 North, LLC

Exhibit B

Reference Map of Application Lands

