

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, WELD COUNTY, )	TYPE:                    SPACING
COLORADO )	

APPLICATION

PDC Energy, Inc. (Operator No. 69175) (“PDC” 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 5 North, Range 64 West, 6<sup>th</sup> P.M.

Section 35: All

Section 36: All

Weld County, Colorado (containing a total of approximately 1,280 acres)

Referred to 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, PDC states and alleges as follows:

1. PDC is a corporation duly authorized to do business in Colorado and is registered as an operator in good standing with the Commission.
2. PDC 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 35 and 36 of Township 5 North, Range 64 West, 6<sup>th</sup> 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 35 and 36 of Township 5 North, Range 64 West, 6<sup>th</sup> P.M., with the permitted well locations in accordance with the provisions of Order 407-1.

5. On January 11, 2010, the Commission entered Order No. 407-348, which, among other things, established an approximate 160-acre wellbore spacing unit for the Clyncke State B #36-20 Well (API No. 05-123-29846) consisting of the N $\frac{1}{2}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 36, Township 5 North, Range 64 West, 6<sup>th</sup> P.M., for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. PDC excludes from this Application the Clyncke State B #36-20 Well and asserts that the production and payments from the Clyncke State B #36-20 Well should be maintained under the authority of Order No. 407-348 and other applicable Commission orders and rules.

6. As of the date of this Application, the COGCC has not published any additional orders affecting spacing of the Application Lands.

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

8. The Application Lands contain the Pikes 1N Well (API No. 05-123-46196). PDC excludes from this Application the Pikes 1N Well and asserts that production and payments from the Pikes 1N Well should be maintained under the authority of all applicable Commission rules and orders.

9. The Application Lands contain the Pharaoh 5N Well. As of the date of this Application, the Pharaoh 5N Well is listed as "in process" in COGCC's online Drilling and Location Permits Database. COGCC Permitting has not yet issued an APD or API No. for the Pharaoh 5N Well. PDC excludes from this Application the Pharaoh 5N Well and asserts that production and payments from the Pharaoh 5N Well, once permitted, should be maintained under the authority of all applicable Commission rules and orders.

10. In this Application, PDC requests approval to drill sixteen (16) wells for the production of hydrocarbons from the Niobrara and Codell Formations. In December 2017 and January 2018, COGCC Permitting approved the three (3) PDC Pikes Wells (listed below) for development in wellbore spacing units. PDC requests that COGCC Permitting vacate the three (3) wellbore spacing units established under COGCC Rule 318A.a.(4)D for the below-listed PDC Pikes Wells and PDC further requests that the Commission approve drilling and development of the below-listed wells within the approximate 1,280-acre drilling and spacing unit requested in this Application. As of the date of this Application, all approved APDs for the below-listed wells are active and none of the wells have been drilled. PDC will submit a Sundry Notice/Form 4 for each well to amend its spacing unit to conform to the approximate 1,280-acre drilling and spacing unit consisting of the Application Lands.

- A. Pikes 3N Well (API No. 05-123-46221)
- B. Pikes 4N Well (API No. 05-123-46199)
- C. Pikes 5C Well (API No. 05-123-46197)

11. PDC also has the following thirteen (13) pending APDs that are currently listed as “in process” in COGCC’s online Drilling and Location Permits Database. PDC’s APDs for these wells request to develop them as COGCC Rule 318A.a.(4)D wellbore spacing units. PDC will submit a Sundry Notice/Form 4 for each of the below-listed wells to modify the requested spacing from COGCC Rule 318A.a.(4)D wellbore spacing units to the approximate 1,280-acre drilling and spacing unit consisting of the Application Lands. Together with the above-listed Pikes 3N Well, Pikes 4N Well, and Pikes 5C Well, the below-listed thirteen wells will comprise the sixteen (16) wells requested to develop the approximate 1,280-acre drilling and spacing unit consisting of the Application Lands.

- A. Pharaoh 1N Well (API No. pending)
- B. Pharaoh 2C Well (API No. pending)
- C. Pharaoh 3N Well (API No. pending)
- D. Pharaoh 4N Well (API No. pending)
- E. Pikes 2N Well (as re-filed; API No. pending) <sup>1</sup>
- F. Pyramid 1N Well (API No. pending)
- G. Pyramid 2N Well (API No. pending)
- H. Pyramid 3N Well (API No. pending)
- I. Pyramid 4N Well (API No. pending)
- J. Pyramid 5N Well (API No. pending)
- K. Pyramid 6N Well (API No. pending)
- L. Pyramid 7N Well (API No. pending)
- M. Pyramid 8N Well (API No. pending)

12. The proposed drilling and spacing unit contains Colorado State Board of Land Commissioners (“State Land Board”) leased and/or unleased minerals. A

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<sup>1</sup> In December 2018, COGCC Permitting approved an APD for the Pikes 2N Well as API No. 05-123-46198. PDC revised its drilling plans from a one-mile lateral to a two-mile lateral and filed a new APD for the Pikes 2N Well in September 2018 following discussions with COGCC Permitting.

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.

13. The proposed approximate 1,280-acre drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells.

14. PDC 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.

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

16. Applicant states that any permitted wells will be drilled in an east-west or west-east orientation.

17. 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.

18. 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.

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

20. The names of the interested parties, according to PDC'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, PDC 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 up to sixteen (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 150 feet from the east and west unit boundaries, and no closer than 460 feet from the north and south unit boundaries;
- C. Require that the productive interval of the wellbore of any permitted wells in the unit be located no closer than 150 feet from the productive interval of any other wellbore located in the unit;
- D. Provide that the wells shall be drilled from 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; and
- E. Vacate the wellbore spacing units previously established under COGCC Rule 318A.a.(4)D for the Pikes 3N Well (API No. 05-123-46221), Pikes 4N Well (API No. 05-123-46199), and Pikes 5C Well (API No. 05-123-46197).

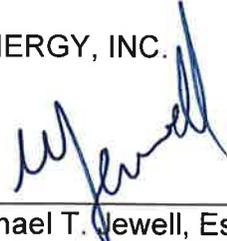
[SIGNATURE PAGE FOLLOWS]

DATED this 18<sup>th</sup> day of October, 2018.

Respectfully submitted,

PDC ENERGY, INC.

By:

A handwritten signature in blue ink, appearing to read "M. Jewell", written over a horizontal line.

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

PDC Energy, Inc.  
Mr. Daniel R. McCoy  
1775 Sherman Street - Suite 3000  
Denver, CO 80203

VERIFICATION

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

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

1.     He is a Regional Landman for PDC Energy, Inc., whose address is 1775 Sherman Street, Suite 3000, Denver, CO 80203.
  
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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Daniel R. McCoy

Subscribed and sworn to before me this 17<sup>th</sup> day of October, 2018.

Witness my hand and official seal.  
My commission expires: Jan. 7, 2021

ELLIOT LESLIE BERARD Notary Public State of Colorado Notary ID # 20094000627 My Commission Expires 01-07-2021
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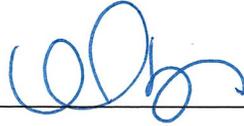
  
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Exhibit A

Interested Party List  
Spacing Application

Township 5 North, Range 64 West, 6<sup>th</sup> P.M.

Section 35: All

Section 36: All

PDC Energy, Inc.	Weld County
Colorado Parks and Wildlife	Colorado Department of Public Health & Environment

Exhibit B

Reference Map of Application Lands

