

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

IN THE MATTER OF THE APPLICATION OF  
GREAT WESTERN OPERATING COMPANY,  
LLC FOR AN ORDER TO VACATE A 320-  
ACRE DRILLING AND SPACING UNIT FOR  
THE N½ OF SECTION 22, TOWNSHIP 1  
SOUTH RANGE, 67 WEST, 6<sup>TH</sup> P.M.,  
MAINTAIN ORDER NOS. 407-1309 AND 407-  
1811 FOR AN APPROXIMATE 640-ACRE  
DRILLING SPACING UNIT ESTABLISHED  
FOR SECTION 15, TOWNSHIP 1 SOUTH,  
RANGE 67 WEST, 6<sup>TH</sup> P.M., ESTABLISH A  
960-ACRE DRILLING AND SPACING UNIT  
FOR PORTIONS OF SECTIONS 15 AND 22,  
TOWNSHIP 1 SOUTH, RANGE 67 WEST, 6<sup>TH</sup>  
P.M., APPROVE UP TO 26 HORIZONTAL  
WELLS WITHIN THE UNIT, AND APPROVE 75'  
REDUCED SETBACKS ON THE SOUTHERN  
BOUNDARY LINE OF THE UNIT, FOR THE  
CODELL AND NIOBRARA FORMATIONS,  
WATTENBERG FIELD, ADAMS COUNTY,  
COLORADO

CAUSE NO. 407

DOCKET NO. 181200\_\_\_\_

TYPE: SPACING

**APPLICATION**

Great Western Operating Company, LLC (Operator No. 10110) ("Applicant"), by and through its attorneys, Jost Energy Law, 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 an approximate 320-acre drilling and spacing unit established by Order No. 407-2053 for Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M.; 2) maintain Order No. 407-1309 which established an approximate 640-acre drilling and spacing unit for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well to the Codell Formation, 3) maintain Order No. 407-1811 which pooled all interests within the approximate 640-acre drilling and spacing unit established for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well to the Codell Formation; 4) establish an approximate 960-acre drilling and spacing unit for the Section 15 and N½ of Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., and approve up to 26 horizontal wells within the unit, for the production of the Niobrara and Codell Formations; and 5) approve 75' reduced setbacks on the southern boundary line of the proposed unit, and 460' from the northern, eastern and western boundaries of the proposed unit, for the production of oil gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly organized and authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.

2. Applicant owns leasehold interests or holds the right to operate on the following lands (hereafter "Application Lands"):

Township 1 South, Range 67 West, 6<sup>th</sup> P.M.

Section 15: All

Section 22: N½

Adams County, Colorado 960-acres, more or less.

A reference map of the Application Lands is attached hereto.

3. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. The Application Lands are subject to this Rule for the Niobrara and Codell Formations.

4. On February 19, 1992 (amended August 20, 1993), the Commission entered Order No. 407-87 which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with permitted well locations in accordance with the provisions of Order No. 407-1. The Application Lands are subject to this Order for the Codell and Niobrara Formations.

5. On July 31, 2015, the Commission entered Order No. 407-1309 which: 1) established an approximate 640-acre drilling and spacing unit for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations; 2) approved up to 12 horizontal wells within the unit.

6. On October 24, 2016, the Commission entered Order No. 407-1811 which pooled all interests in an approximate 640-acre drilling and spacing unit established for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., for the development and operation of the Codell and Niobrara Formations and subjected all nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the horizontal Riverdale #15-2-11HC Well to the Codell Formation.

7. On June 12, 2017, the Commission entered Order 407-2053 which established an approximate 320-acre drilling and spacing unit for Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., and approved up to 12 horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the productive interval of the wellbore 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, without exception being granted by the Director.

8. The records of the Commission reflect that there is one horizontal well, the Riverdale #15-2-11HC Well (API No. 05-001-09926), currently producing from the Codell Formation on Section 15 of the Application Lands. Applicant requests to maintain Order Nos. 407-1309 and 407-1811 for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well.

9. The records of the Commission reflect that there are ten (10) approved APDs in Section 15 of the Application Lands, the Todd Creek Farms #15-2-2HN (API No. 05-001-09855), Todd Creek Farms #15-2-3HC (API No. 05-001-09854), Todd Creek Farms #15-2-4HN (API No. 05-001-09856), Todd Creek Farms #15-2-5HC (API No. 05-001-09854), Todd Creek Farms #15-2-6HN (API No. 05-001-09852), Ward Riverdale #15-2-7HC Well (API No. 05-001-09928), Ward Riverdale #15-2-8HN Well (API No. 05-001-09924), Ward Riverdale #15-2-9HC Well (API No. 05-001-09922), Ward Riverdale #15-2-10HN Well (API No. 05-001-09931), and Ward Riverdale #15-2-12HN Well (API No. 05-001-09930). Applicant intends to abandon these APDs upon establishment of the proposed unit.

10. The records of the Commission reflect that there are eleven (11) pending APDs within the proposed unit, the Gus LD22-039HN (Document No. 401203519), Gus LD22-039HC (Document No. 401203336), Gus LD22-042HNX (Document No. 40120266), Gus LD22-082 HN (Document No. 401203041), Gus LD22-082 HC (Document No. 401202961), Gus LD22-119 HNX (Document No. 401202900), Gus LD22-119 HN (Document No. 401202876), Gus LD22-119HC (Document No. 401202791), Gus LD22-122HN (Document No. 401202829), Gus LD22-162HNX (Document No. 401202611), and Gus LD22-162HN (Document No. 401202576). Applicant intends to abandon these APDs upon establishment of the proposed unit.

11. To promote efficient drainage within the Codell and Niobrara Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should: 1) vacate an approximate 320-acre drilling and spacing unit established by Order No. 407-2053, for Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M.; 2) maintain Order No. 407-1309 which established an approximate 640-acre drilling and spacing unit for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. only for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well (API No. 05-001-09926) to the Codell Formation, 3) maintain Order No. 407-1811 which pooled all interests within the 640-acre drilling and spacing unit established for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M., but only for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well (API No. 05-001-09926) to the Codell Formation; 4) establish an approximate 960-acre drilling and spacing unit for the Section 15 and N½ of Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. and approve up to 26 horizontal wells within the unit, for the production of the Niobrara and Codell Formations; and 5) approve 75' reduced setbacks on the southern boundary line and 460 feet from the northern, eastern and western boundaries of the proposed unit, for the

production of oil gas and associated hydrocarbons from the Codell and Niobrara Formations, unless an exception is granted by the Director.

12. The above-proposed spacing unit and reduced setbacks will allow efficient drainage of the Codell and Niobrara Formations, will prevent waste, will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs.

13. The Applicant is requesting to drill and complete up to twenty-six (26) horizontal wells within the unit in order to efficiently and economically recover the oil, gas and associated hydrocarbons from the Codell and Niobrara Formations within the approximate 960-acre drilling and spacing unit composed of the Application Lands and that there will be no adverse effect on correlative rights of adjacent owners.

14. The Applicant maintains that there will be no more than two (2) well pads located within the proposed unit, or adjacent thereto, unless an exception is granted by the Director. Applicant has executed one or more surface use agreements for the development of the unit.

15. The productive interval of each proposed horizontal well shall be no closer than 75 feet from the southern boundary of the unit, and not less than 460 feet from the eastern, northern and western boundaries of the unit (regardless of the lease lines within the unit) and all horizontal wells shall be no closer than 150 feet from the productive interval of another well producing from the same source of supply within the unit, unless an exception is granted by the Director.

16. The undersigned certifies that copies of this Application will be served on each interested party 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 in December 17, 2018, that notice be given as required by law, and that upon such hearing this Commission enter its order:

A. Vacate an approximate 320-acre drilling and spacing unit established by Order No. 407-2053, for Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M.;

B. Maintain Order No. 407-1309 which established an approximate 640-acre drilling and spacing unit for Section 15, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. only for purposes of the payment of proceeds from the Riverdale #15-2-11HC Well (API No. 05-001-09926) to the Codell Formation;

C. Maintain Order No. 407-1811 which pooled all interests within the 640-acre drilling and spacing unit established for Section 15, Township 1 South, Range

67 West, 6<sup>th</sup> P.M., but only for purposes of the payment of proceeds from the horizontal Riverdale #15-2-11HC Well to the Codell Formation;

D. Establish an approximate 960-acre drilling and spacing unit for the Section 15 and N½ of Section 22, Township 1 South, Range 67 West, 6<sup>th</sup> P.M. and approve up to 26 horizontal wells within the unit, for the production of the Niobrara and Codell Formations; and

E. Approve reduced productive interval setbacks of not less than 75 feet on the southern boundary line and 460 feet from the northern, eastern and western boundaries of the proposed unit, for the production of oil gas and associated hydrocarbons from the Codell and Niobrara Formations.

F. Find that the request to establish a 960-acre drilling and spacing unit for the Application Lands with 26 horizontal wells and the reduced setbacks of 75 feet on the southern unit boundary line of the approximate 960-acre drilling and spacing unit will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations on the Application Lands.

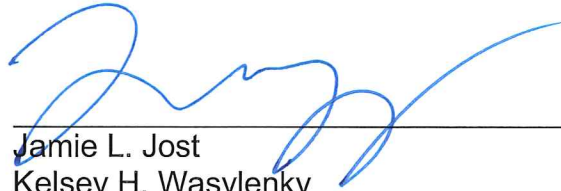
G. For such other findings and orders as the Commission may deem proper or advisable in this matter.

DATED October 16<sup>th</sup>, 2018

Respectfully submitted:

**Great Western Operating Company, LLC**

By:



Jamie L. Jost  
Kelsey H. Wasylenky  
Jost Energy Law, P.C.  
Attorneys for Applicant  
1401 17th Street, Suite 370  
Denver, Colorado 80202  
(720) 446-5620

Applicant's Address:

Great Western Operating Company, LLC  
ATTN: Hal Writer  
1001 17<sup>th</sup> Street, Suite 2000  
Denver, CO 80202

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

  
Matt Acree  
Sr. Landman  
Great Western Operating Company, LLC

Janet C. Wilson  
Notary Public



Reference Map  
Great Western Operating Company, LLC

Section 15 and N½ of Section 22  
Township 1 South, Range 67 West, 6<sup>th</sup> P.M.

