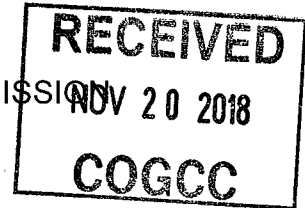


BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO



IN THE MATTER OF AN APPLICATION BY)
VERDAD RESOURCES, LLC FOR AN ORDER)
TO MODIFY AN APPROXIMATE 640-ACRE)
DRILLING AND SPACING UNIT TO INCLUDE)
THE FORT HAYS, CODELL, AND CARLILE)
FORMATIONS, AND TO APPROVE UP TO)
SIXTEEN 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, FORT HAYS, CODELL, AND)
CARLILE FORMATIONS FOR SECTION 3,)
TOWNSHIP 7 NORTH, RANGE 60 WEST, 6TH)
P.M., UNNAMED FIELD, WELD COUNTY,)
COLORADO)

Cause No. 535

Docket No. 190100019

Type: SPACING

APPLICATION

Verdad Resources, LLC ("Applicant" or "Verdad"), Operator No. 10651, by and through its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order modifying an approximate 640-acre drilling and spacing unit for Section 3, Township 7 North, Range 60 West, 6th P.M. to include the Fort Hays, Codell, and Carlile Formations and to approve a total of up to sixteen horizontal wells within the unit with well location rules such that the treated interval of each wellbore within the unit shall 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 within the unit. In support of its Application, Applicant states as follows:

1. Applicant is a limited liability company duly authorized to conduct business in Colorado.
2. Applicant, owns leasehold interests and/or the right to drill, and is an Owner as defined by Commission rules, in the following lands ("Application Lands"):

Township 7 North, Range 60 West, 6th P.M.
Section 3: All

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

3. Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that, on unspaced lands, wells drilled in excess of 2,500 feet in depth be

located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply.

4. On July 12, 2011, the Commission entered Order No. 535-41 which established nine approximate 640-acre drilling and spacing units for certain lands in Township 7 North, Range 60 West, 6th P.M., and approved up to two horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbores located no closer than 600 feet from the unit boundaries without exception being granted by the Director. The Application Lands are subject to this order for the Niobrara Formation.

5. On September 23, 2011, the Commission entered Order No. 535-79, which pooled all interests in an approximate 640-acre drilling and spacing unit for Section 3, Township 7 North, Range 60 West, 6th P.M., and approved cost-recovery pursuant to Section 34-60-116(7), C.R.S., against any nonconsenting interests in the first horizontal well within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. The Application Lands are subject to this order for the Niobrara Formation.

6. On November 15, 2012, the Commission entered Order No. 535-216, which approved up to four horizontal wells within an approximate 640-acre drilling and spacing unit for Section 3, Township 7 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore located no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. The Application Lands are subject to this order for the Niobrara Formation.

7. On April 5, 2013, the Commission entered Order No. 535-291, which approved up to a total of six horizontal wells within an approximate 640-acre drilling and spacing unit for Section 3, Township 7 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore located no closer than 600 feet from the unit boundaries, and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. The Application Lands are subject to this order for the Niobrara Formation.

8. To promote efficient drainage, and to assist in preventing waste, Applicant requests that the Commission modify an approximate 640-acre drilling and spacing unit for the below-described Application Lands to include the Fort Hays, Codell, and Carlile Formations, and to approve ten additional horizontal wells within the unit, for a total of sixteen horizontal wells, with well location rules such that the treated interval of each wellbore within the unit shall 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 within the unit, unless an exception is granted by the Director:

Township 7 North, Range 60 West, 6th P.M.
Section 3: All

9. The target formations for horizontal development consist of the respective benches of the Niobrara Formation and the Codell Formation. However, to account for the relative thickness of the Codell Formation in this area, Applicant has requests that the Fort Hays Formation and Carlile Formation be included within the established unit. Any unintentional deviation of a permitted Codell formation horizontal well into the Fort Hays Formation or the Carlile Formation will not materially impact the drainage calculations or economics.

10. Applicant requests authority to drill those wells necessary to determine the appropriate well density that allows for the most economic and efficient drainage of the Niobrara, Fort Hays, Codell, and Carlile Formations, that prevents waste, that protects correlative rights, and that assures the greatest ultimate recovery of oil, gas and associated hydrocarbons from the Application Lands.

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

12. Applicant states that the wells be drilled and operated from three (3) surface locations within the unit or from legal locations on adjacent lands, without exception granted by the Director.

13. 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 Application shall be served on each interested party within seven (7) days after filing of the Application as required by Rules 503.e., 507.b.(1), and 507.c.

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 17th day of November, 2018.

Respectfully submitted,
WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: 

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Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
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Denver, CO 80202
303-830-2500
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Attorneys for Verdad Resources, LLC

Applicant's Address:

Verdad Resources, LLC
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235
Attn: Lemar Safi
Phone: 214-838-2758

VERIFICATION

STATE OF TEXAS

)

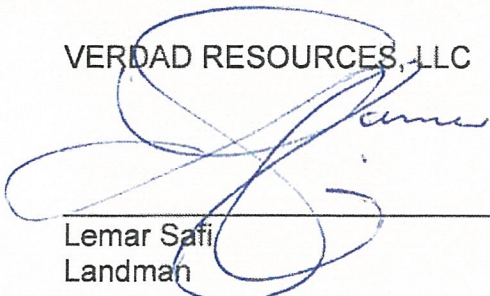
) ss.

CITY & COUNTY OF DALLAS

)

Lemar Safi, Landman for Verdad Resources, LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

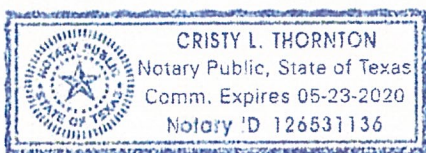
VERDAD RESOURCES, LLC




Lemar Safi
Landman

Subscribed and sworn to before me this 20th day of November 2018 by Lemar Safi, Landman for Verdad Resources, LLC.

Witness my hand and official seal.





Notary Public
My Commission Expires: 5/23/2020

EXHIBIT A

INTERESTED PARTIES

Weld County

Jason Maxey

Weld County

Department of Planning Services

1555 North 17th Ave.

Greeley CO 80631

Colorado Department of Public Health and Environment

Attn: Oil and Gas Liaison

4300 Cherry Creek Dr. South

Denver, CO 80246-1530

Colorado Division of Wildlife

Northeast Region Office

6060 Broadway

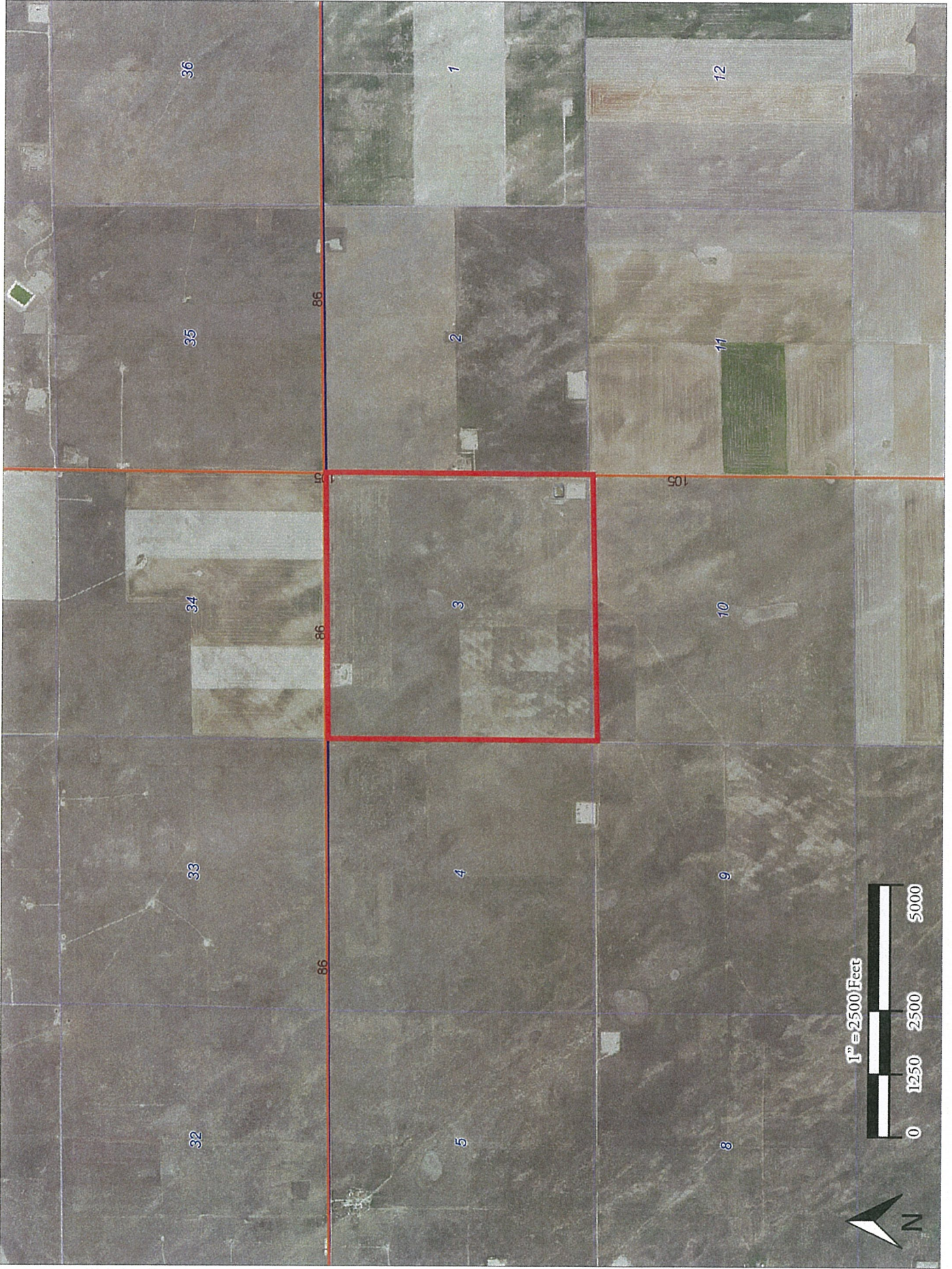
Denver, CO 80216

EXHIBIT A

INTERESTED PARTIES

Continental Resources
Oil India (USA) Inc.
IOCL Inc.
Haimo Oil & Gas LLC
Noble Energy Inc.
Red Hawk Petroleum LLC
DPOC LLC
TAK Mountain, LLC
Mile Hi Oil & Gas, Inc.
Diversified Operating Corporation
Duncan Energy Properties
Foundation Energy Fund III_B Holding, LLC
Foundation Energy Fund IV-B Holding, LLC
Great Western Oil & Gas Co.
Grizzly Petroleum Company LLC
Diamond Resources Co
Bold Resources LLC
Prima exploration Inc
Apple Creek LLC
Blackland Petroleum LLC
Gene F. Lang & Co
Prima Exploration, Inc. As Nominee for Marshall Resources, LLC
GT Reed and Associates LLC
Mile Hi Oil & Gas
Tak Mountain LLC
Foundation Energy Fund III-A, LP
Foundation Energy Fund IV-A, LP
Martin Oil & Gas Corporation
DJ Resources

Exhibit B - Application Lands



IN THE MATTER OF AN APPLICATION BY)	Cause No. 535
VERDAD RESOURCES, LLC FOR AN ORDER)	
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TOWNSHIP 7 NORTH, RANGE 60 WEST, 6TH)	
P.M., UNNAMED FIELD, WELD COUNTY,)	
COLORADO)	

STATE OF COLORADO §
CITY AND COUNTY OF DENVER §

That I am the attorney for Verdad Resources, LLC and that on or before November 20, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Geoffrey W. Storm

Subscribed and sworn to before me November 20, 2018.

Witness my hand and official seal.

Melissa S. Norman
Notary Public
My commission expires: 8/20/2021

