

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

IN THE MATTER OF AN APPLICATION BY SRC ENERGY INC. FOR AN ORDER ESTABLISHING AN APPROXIMATE 1,611-ACRE DRILLING AND SPACING UNIT FOR PORTIONS OF SECTIONS 23 AND 24, TOWNSHIP 6 NORTH, RANGE 66 WEST, 6TH P.M. AND PORTIONS OF SECTIONS 19 AND 20, TOWNSHIP 6 NORTH, RANGE 65 WEST, 6TH P.M., FOR HORIZONTAL WELL DEVELOPMENT OF THE NIOBRARA AND CODELL FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO.

TYPE: SPACING AND  
DENSITY

**APPLICATION**

SRC Energy Inc. (Operator No. 10311) ("SRC" or "Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate 1,611-acre drilling and spacing unit for portions of Sections 23 and 24, Township 6 North, Range 66 West, 6th P.M. and portions of Sections 19 and 20, Township 6 North, Range 65 West, 6th P.M., and authorizing the drilling of up to 26 horizontal wells within the proposed unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.

2. Applicant is an owner in the below-listed lands:

Township 6 North, Range 66 West, 6<sup>th</sup> P.M.

Section 23: E $\frac{1}{2}$ E $\frac{1}{2}$

Section 24: All

Township 6 North, Range 65 West, 6<sup>th</sup> P.M.

Section 19: All

Section 20: W $\frac{1}{2}$ W $\frac{1}{2}$

1,611 acres, more or less, Weld County, Colorado.<sup>1</sup>

These lands are hereinafter referred to as the "Application Lands" and depicted in Exhibit A attached hereto.

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<sup>1</sup> The Application Lands contain irregular lots. Acreage in this area is based on the known survey markers found in the field. Accordingly, the acreage comprising the drilling and spacing unit has been modified to reflect the presence of irregular quarter-quarter sections.

3. On April 27, 1998, the Commission adopted Rule 318A. which, among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A. was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A. was again amended to, among other things, address drilling of horizontal wells. The Application Lands are subject to Rule 318A.

4. The online records maintained by the COGCC indicate that numerous vertical wells are currently producing from the Codell and/or Niobrara Formations in the Application Lands, as depicted on Exhibit B attached hereto. Applicant hereby confirms that each of these wells shall remain subject to applicable spacing orders of the Commission, and shall not be affected by Applicant's requested relief under this Application. Proceeds from the sale of oil or gas from these wells shall continue to be distributed based on the applicable spacing orders for these wells.

5. Furthermore, there are numerous horizontal wells that are producing from or permitted in the E½E½ of Section 23, Township 6 North, Range 66 West, 6<sup>th</sup> P.M. ("E½E½"). These wells are operated by the Applicant, and the E½E½ is included in the proposed drilling and spacing unit to avoid standing acreage between the heels and toes of wells.

6. Finally, there are two horizontal wells proposed by the Applicant under Commission Rule 318A. that run west to east along and within the southern boundary of the proposed drilling and spacing unit. This Application will not affect those proposed horizontal wells.

*Establishing an approximate 1,611-acre drilling and spacing unit and authorizing up to 26 horizontal wells for development of the Niobrara and Codell Formations*

7. Applicant requests the Commission establish the Application Lands as an approximate 1,611-acre drilling and spacing unit for the Niobrara and Codell Formations pursuant to Rule 503.b.(1) and §34-60-116(2), C.R.S. For the Application Lands, the proposed drilling unit is not smaller than the maximum area that can be economically and efficiently drained by the horizontal wells proposed to be drilled under this Application and completed in the Niobrara and Codell Formations.

8. Applicant requests it be authorized to drill and complete up to 26 horizontal wells in the approximate 1,611-acre drilling and spacing unit proposed for the Application Lands, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

### Setback and Location Requirements

9. Applicant requests that setback and location requirements for the Application Lands be as follows:

A. For any permitted wells to be drilled under this Application, the treated intervals of the wellbore should be not less than 460 feet from the northern, southern, and western boundaries of the proposed unit, not less than 150 feet from the eastern boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director.

B. Any horizontal wells to be drilled under this Application for production from the Niobrara and Codell Formations will be drilled in an east/west orientation, from the surface of the drilling unit, or on adjacent lands with consent of the landowner, from no more than one surface location, unless an exception is granted by the Director.

10. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §34-60-101, *et seq.*, C.R.S., and the Commission rules.

11. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by said oral order.

12. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507 within fifteen days of the filing hereof, as required by Rule 503.e.

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:

A. Establishing an approximate 1,611-acre drilling and spacing unit for Application Lands, and authorizing the drilling of up to 26 horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the treated intervals of the wellbore of any permitted wells to be located not less than 460 feet from the northern and southern, and western boundaries of the proposed unit, not less than 150 feet from the eastern boundaries of the proposed unit, with an inter-well setback of not less than 150 feet from the treated interval of a well producing from the Niobrara and Codell Formations, without exception being granted by the Director.

B. For such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 27<sup>th</sup> day of November, 2018.

Respectfully submitted,

**SRC ENERGY INC.**

By: Jobediah Rittenhouse  
Jillian Fulcher  
James Parrot  
Jobediah Rittenhouse  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
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Denver, Colorado 80202  
(303) 407-4499  
jfulcher@bwenergylaw.com  
jparrot@bwenergylaw.com  
jrittenhouse@bwenergylaw.com

Address of Applicant  
SRC Energy Inc.  
ATTN: Kaitlyn Cass  
1675 Broadway, Suite 2600  
Denver, Colorado 80202

VERIFICATION

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

Kaitlyn Cass, Landman for SRC Energy Inc., upon oath deposes and says that she has read the foregoing Application and that the statements contained therein are true to the best of her knowledge, information, and belief.

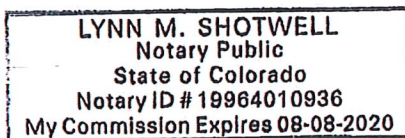
SRC ENERGY INC.

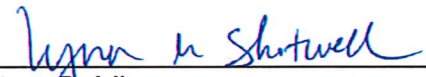
  
\_\_\_\_\_  
Kaitlyn Cass

Subscribed and sworn to before me this 27<sup>th</sup> day of November,  
2018, by Kaitlyn Cass, Landman for SRC Energy Inc.

Witness my hand and official seal.

My commission expires: 8/8/2020



  
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Notary Public

## Exhibit A

### Reference Map for Spacing Application

Township 6 North, Range 66 West, 6th P.M.

Section 23:  $E\frac{1}{2}E\frac{1}{2}$

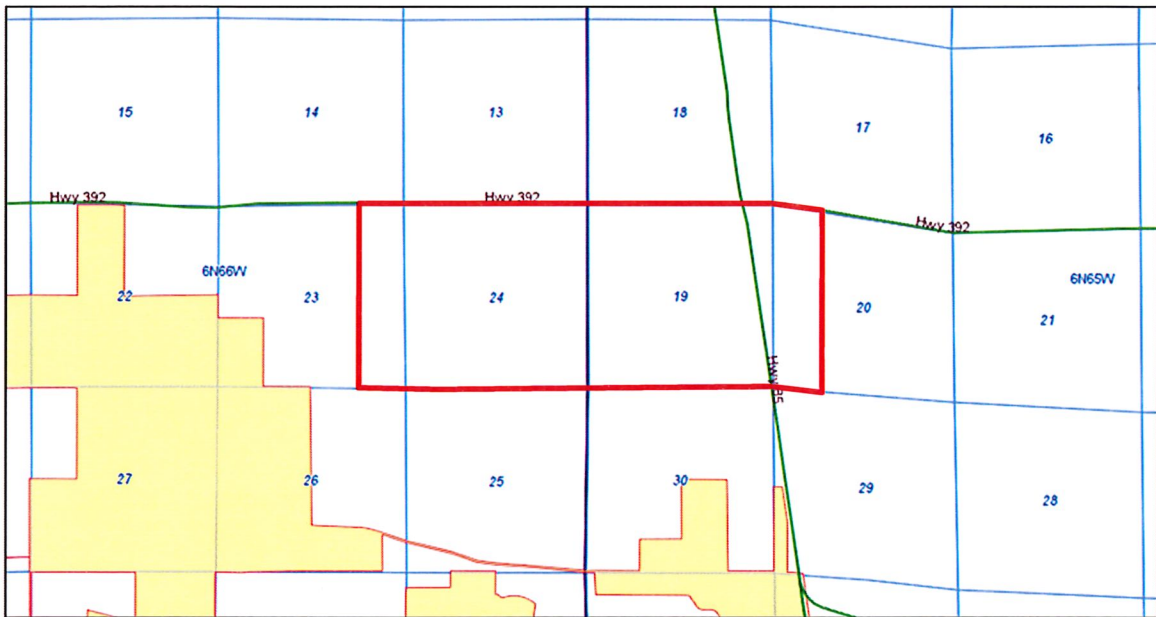
Section 24: All


Township 6 North, Range 65 West, 6th P.M.

Section 19: All

Section 20:  $W\frac{1}{2}W\frac{1}{2}$

1,611 acres, more or less, Weld County, Colorado



 = Application Lands

## EXHIBIT B

### Producing Vertical and Directional Wells

Township 6 North, Range 66 West, 6th P.M.

Section 23:  $E\frac{1}{2}E\frac{1}{2}$

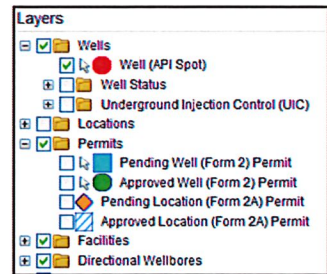
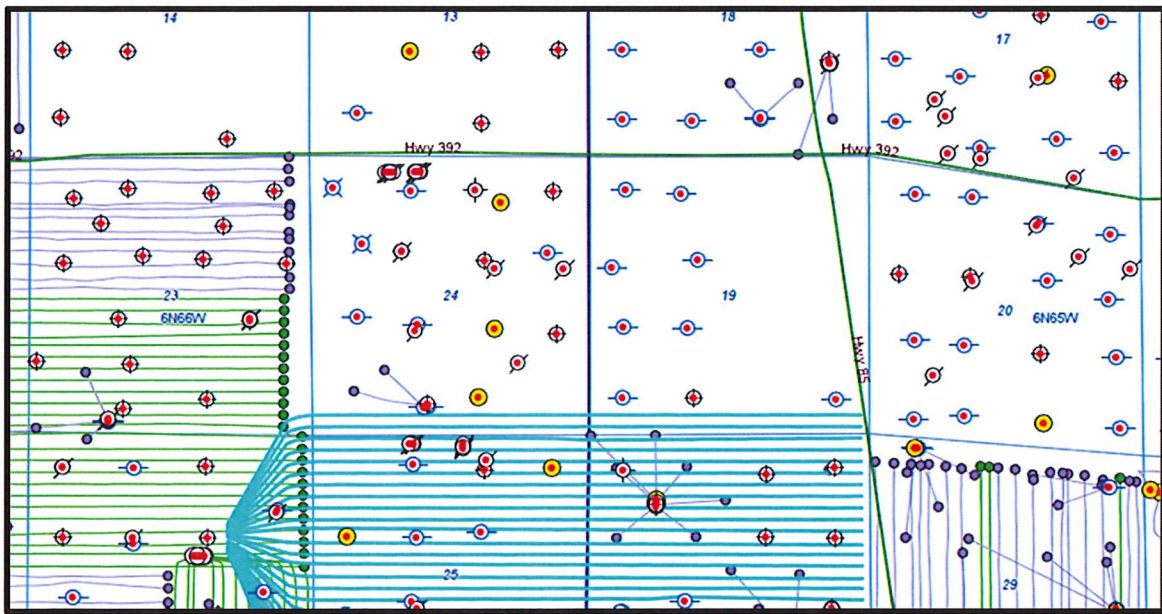
Section 24: All

Township 6 North, Range 65 West, 6th P.M.

Section 19: All

Section 20:  $W\frac{1}{2}W\frac{1}{2}$

1,611 acres, more or less, Weld County, Colorado





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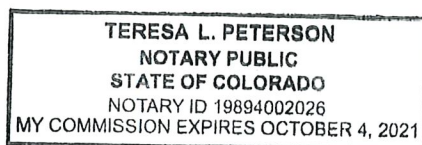
TYPE: SPACING AND DENSITY

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

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for SRC Energy Inc., and on or before the 5th day of December, 2018, 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 attached hereto.

Subscribed and sworn to before me this 28 day of November, 2018.

Notary Public





**EXHIBIT A**  
**INTERESTED PARTIES**

SRC ENERGY INC.  
1675 BROADWAY, SUITE 2600  
DENVER, CO 80202

H&I INVESTMENTS, LTD.  
7657 VIA DE VENTURA  
SCOTTSDALE, AZ 85258

J. CLEO THOMPSON & JAMES CLEO  
THOMPSON, JR., A PARTNERSHIP  
325 N SAINT PAUL ST SUITE 4300  
DALLAS, TX 75201

MATTIE I. STANLEY  
1926 S OGDEN ST  
DENVER, CO 80210

OXFORD EXPLORATION COMPANY  
2501 TOURNAMENT COURT  
CASTLE ROCK, CO 80108

SAND RIDGE RESOURCES LLC  
8728 LONGS PEAK CIRCLE  
WINDSOR, CO 80550

WILLMAR, LLC  
7687 E. VIA DE VENTURA  
SCOTTSDALE, AZ 85258

BRANDON MARETTE, ENERGY LIAISON  
COLORADO PARKS AND WILDLIFE  
NORTHEAST REGION OFFICE  
6060 BROADWAY  
DENVER, CO 80216

JASON MAXEY  
WELD COUNTY OIL AND GAS SPECIALIST  
AND LOCAL GOVERNMENT DESIGNEE  
1555 NORTH 17<sup>TH</sup> AVENUE  
GREELEY, CO 80631

COLTON LIMITED LIABILITY COMPANY  
ATTN: CLARK R. COLTON  
P.O. BOX 3705  
LITTLETON, CO 80161

INCLINE ENERGY, LLC  
5019 N CENTRAL ESPRESSWAY SUITE B  
DALLAS, TX 75205

JAY GOZA INVESTMENTS  
1944 26TH AVE. COURT  
GREELEY, CO 80634

OKREEK OIL AND GAS, LLC  
475 17TH ST, SUITE 1350  
DENVER, CO 80202

PUMBA ENTERPRISES, LLC  
ATTN: SPENCER RIGNEY  
2824 NACOGDOCHES ROAD  
SAN ANTONIO, TX 78217

UNITED STATES OF AMERICA  
BUREAU OF LAND MANAGEMENT  
ROYAL GORGE FIELD OFFICE  
ATTN: JOAN LARSON  
3028 E. MAIN ST  
CANON CITY, CO 81212

PRIMA EXPLORATION, INC.  
250 FILLMORE ST, SUITE 500  
DENVER, CO 80206

SEAN HACKETT  
OIL & GAS CONSULTANT COORDINATOR  
COLORADO DEPARTMENT OF  
PUBLIC HEALTH & ENVIRONMENT  
4300 CHERRY CREEK DRIVE SOUTH  
DENVER, CO 8024