

**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 721.70-ACRE DRILLING AND SPACING UNIT FOR PORTIONS OF SECTION 13, TOWNSHIP 6 NORTH, RANGE 66 WEST, 6TH P.M. AND PORTIONS OF SECTION 18, 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 721.70-acre drilling and spacing unit for portions of Section 13, Township 6 North, Range 66 West, 6th P.M. and portions of Section 18, Township 6 North, Range 65 West, 6th P.M., and authorizing the drilling of up to 18 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, 6th P.M.
Section 13: SE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$

Township 6 North, Range 65 West, 6th P.M.
Section 18: S $\frac{1}{2}$; S $\frac{1}{2}$ N $\frac{1}{2}$

721.70 acres, more or less, Weld County, Colorado.¹

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

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

¹ 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.

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 and directional 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. As of the date of this Application, no horizontal wells have been drilled within the proposed unit.

Establishing an approximate 721.70-acre drilling and spacing unit and authorizing up to 18 horizontal wells for development of the Niobrara and Codell Formations

5. Applicant requests the Commission establish the Application Lands as an approximate 721.70-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.

6. Applicant requests it be authorized to drill and complete up to 18 horizontal wells in the approximate 721.70-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

7. 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 eastern boundaries of the proposed unit, not less than 150 feet from the western 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.

8. 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.

9. 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.

10. 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 721.70-acre drilling and spacing unit for Application Lands, and authorizing the drilling of up to 18 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, southern, and eastern boundaries of the proposed unit, not less than 150 feet from the western 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 27th 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
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499
jfulcher@bwenergylaw.com
jparrot@bwenergylaw.com
jrittenhouse@bwenergylaw.com

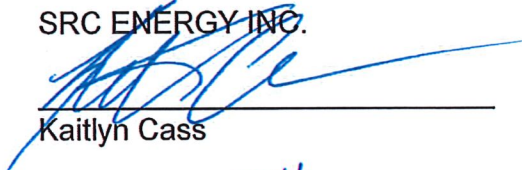
Address of Applicant
SRC Energy Inc.
ATTN: Kaitlyn Cass
1675 Broadway, Suite 2600
Denver, Colorado 80202

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.

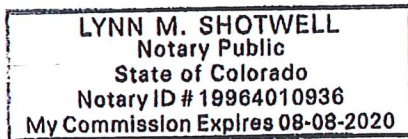


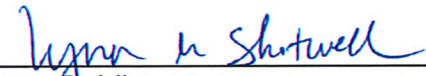
Kaitlyn Cass

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

Witness my hand and official seal.

My commission expires: 8/8/2020





Notary Public

Exhibit A

Reference Map for Spacing Application

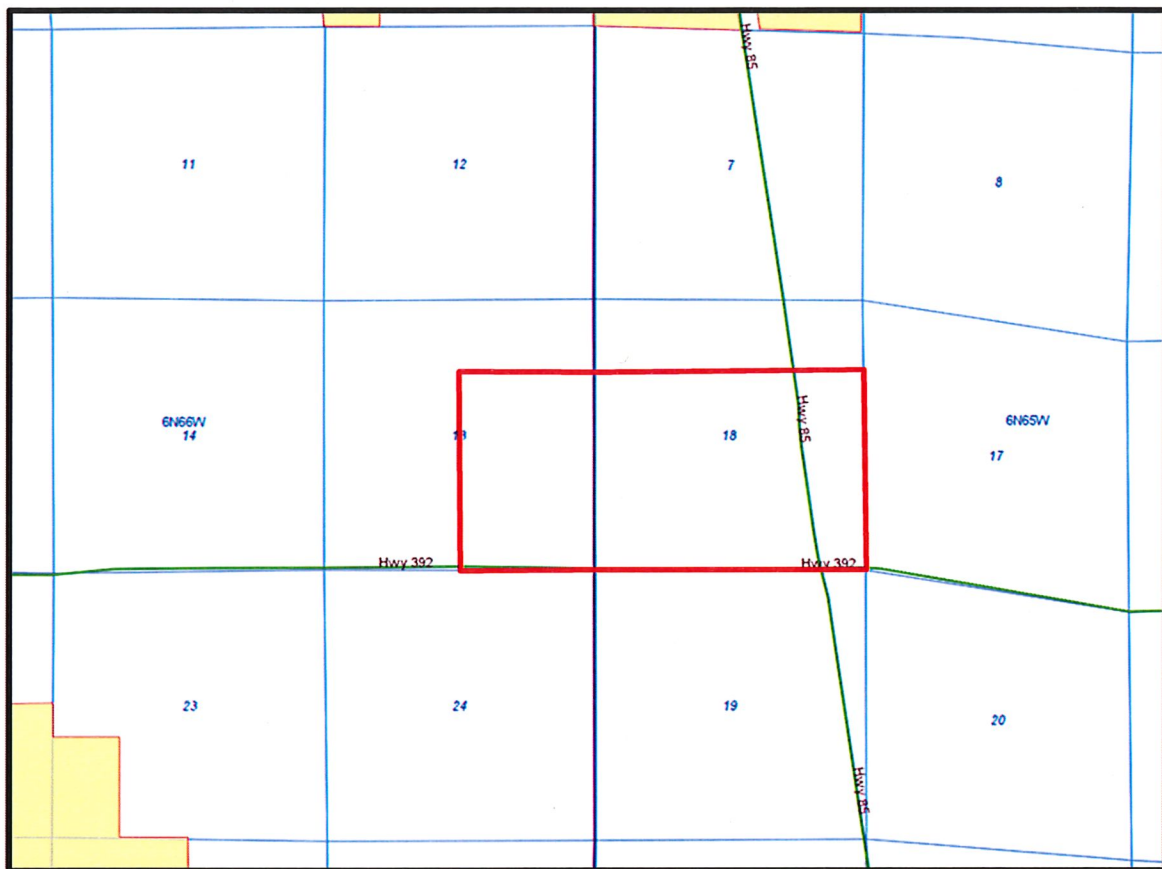
Township 6 North, Range 66 West, 6th P.M.

Section 13: SE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$

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

Section 18: S $\frac{1}{2}$; S $\frac{1}{2}$ N $\frac{1}{2}$

721.70 acres, more or less, Weld County, Colorado



= Application Lands

EXHIBIT B

Producing Vertical and Directional Wells

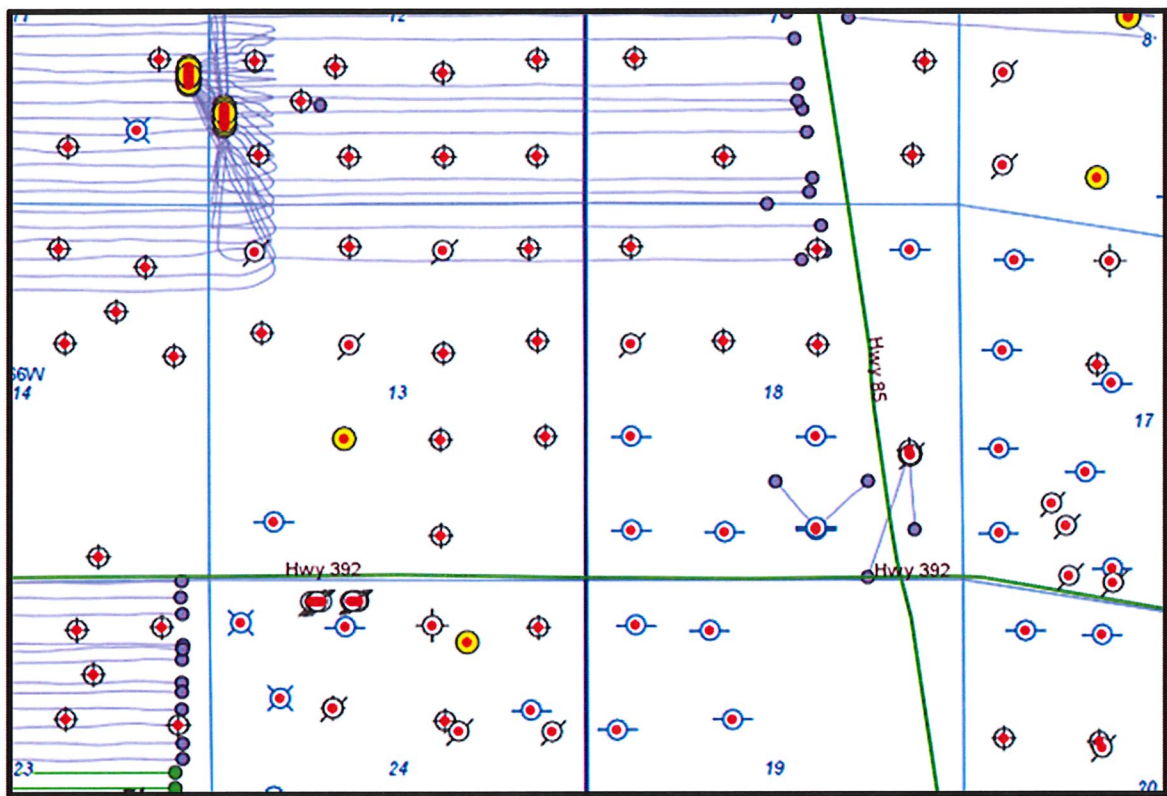
Township 6 North, Range 66 West, 6th P.M.

Section 13: SE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$

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

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721.70 acres, more or less, Weld County, Colorado



Layers	
<input checked="" type="checkbox"/>	Wells
<input checked="" type="checkbox"/>	Well (API Spot)
<input checked="" type="checkbox"/>	Well Status
<input checked="" type="checkbox"/>	Underground Injection Control (UIC)
<input checked="" type="checkbox"/>	Locations
<input checked="" type="checkbox"/>	Permits
<input checked="" type="checkbox"/>	Pending Well (Form 2) Permit
<input checked="" type="checkbox"/>	Approved Well (Form 2) Permit
<input checked="" type="checkbox"/>	Pending Location (Form 2A) Permit
<input checked="" type="checkbox"/>	Approved Location (Form 2A) Permit
<input checked="" type="checkbox"/>	Facilities
<input checked="" type="checkbox"/>	Directional Wellbores

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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 31 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

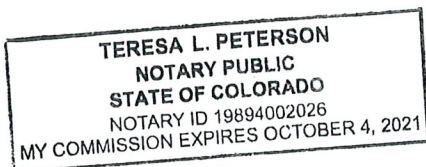


EXHIBIT A

INTERESTED PARTIES

SRC ENERGY INC.
1625 BROADWAY ST., SUITE 2600
DENVER, CO 80202

THUNDERHEAD TRUST
P.O BOX 272398
FT. COLLINS, CO 80527

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

GREEN OIL ENERGY, LLC
245 E 54TH ST. #5M
NEW YORK, NY 10022

SHORELINE ENERGY HOLDINGS II, INC.
CORP. TRUST CENTER 1209 ORANGE ST
WILMINGTON, DE 19801

DANIEL M. HASKELL AND MARCY M. HASKELL
3231 S. RACE ST
ENGLEWOOD, CO 80113

THOMAS H. HEIL
159 S. DEARBORN CIRCLE
AURORA, CO 80012

B. LEVY FAMILY PARTNERS, LTD.
8933 EAST UNION AVE. SUITE 216
ENGLEWOOD, CO 80111

WELD COUNTY
1150 O STREET
GREELEY, CO 80632

MARGARITA NAVA
18934 ELM ST (P.O BOX 108)
LUCERNE, CO 80646

LASALLE BANK NATIONAL ASSOCIATION, AS
TRUSTEE FOR STRUCTURED ASSET
INVESTMENT LOAN TRUST 2004-3
PO BOX 15047
WILMINGTON, DE 19850

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 17TH AVENUE
GREELEY, CO 80631

OSWALD FAMILY INVESTMENT LLC
P.O BOX 280969
LAKEWOOD, CO 80228

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

JAY GOZA INVESTMENTS, DBA J.G.I, A SOLE
PROPRIETORSHIP
1944 26TH AVE. COURT
GREELEY, CO 80634

ALPHA ENERGY GROUP LLC
245 E 54TH ST. #5M
NEW YORK, NY 10022

JIM'S WATER SERVICE, INC.
P.O BOX 2290
GILLETTE, WY 82717

ALUMA ENERGY, LLC
245 E 54TH ST. #5M
NEW YORK, NY 10022

AVI DAN
245 E 54TH ST.
NEW YORK, NY 10022

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8933 EAST UNION AVE. SUITE 216
ENGLEWOOD, CO 80111

GABINO ANTUNA
33041 RAILROAD AVE, PO BOX 14
LUCERNE, CO 80646

BRIAN K. PASQUE
5601 RHODES AVE
SAINT LOUIS, MO 63109

THE LUCERNE WATER COMPANY
C/O ROBERT STRAUSS
4556 FOOTHILLS DR., BOX 724
LUCERNE, CA 95458

SEAN HACKETT
OIL & GAS CONSULTANT COORDINATOR
COLORADO DEPARTMENT OF
PUBLIC HEALTH & ENVIRONMENT
4300 CHERRY CREEK DRIVE SOUTH
DENVER, CO 80246-1530