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

IN THE MATTER OF THE AMENDED APPLICATION OF NOBLE ENERGY, INC., FOR AN ORDER TO AMEND ORDER NO. 407-1956 TO CONTRACT THE ESTABLISHED DRILLING AND SPACING UNIT AND ESTABLISH AN APPROXIMATE 1,229.54-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 30 AND 31, TOWNSHIP 6 NORTH, RANGE 64 WEST, 6TH P.M. AND TO APPROVE UP TO SEVEN (7) NEW HORIZONTAL WELLS IN THE 1,229.54-ACRE UNIT FOR THE DEVELOPMENT AND OPERATION OF THE NIOBRARA, FORT HAYS, CODELL AND **CARLILE** FORMATIONS, WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO. 190400278

TYPE: SPACING

AMENDED APPLICATION

COMES NOW Noble Energy, Inc. (Operator No. 100322) ("Applicant"), by and through its undersigned attorneys, and respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to: 1) amend Order No. 407-1956 to remove Section 30, Township 6 North, Range 64 West, 6th P.M. and contract the established approximate 1900.40-acre drilling and spacing unit to an approximate 1,446.37-acre drilling and spacing unit, for portions of Sections 25, 26, and 27, Township 6 North, Range 65 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations; 2) establish an approximate 1,229.54-acre drilling and spacing unit for Sections 30 and 31, Township 6 North, Range 64 West, 6th P.M., for the development and operation of the Niobrara, Fort Hays, Codell and Carlile Formations; and 3) to approve up to seven (7) new horizontal wells in the proposed approximate 1,229.54-acre drilling and spacing unit for the efficient and economic development of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations underlying the below-described lands. 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 is a registered operator in good standing with the Commission.
- 2. Applicant is an Owner as defined by the Colorado Oil and Gas Conservation Act, § 34-60-103(7) and the Commission 100 Series Rules, owns leasehold interests and/or has the right to drill and produce on the following lands (hereafter "Application Lands"):

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

Section 25: N½, N½S½ Section 26: N½, N½S½ Section 27: N½, N½S½

(Approximate 1,446.37-acre Drilling and Spacing Unit "DSU" #1)

Township 6 North, Range 64 West, 6th P.M.

Section 30: NE¼, E½NW¼, Lot 1 (67.2 acres),

Lot 2 (66.6 acres), E1/2SW1/4, SE1/4 (also described

as All)

Section 31: All

(Approximate 1,229.54-acre DSU -"DSU #2")

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, Fort Hays, Codell and Carlile Formations.
- 4. On February 17, 1984, the Commission entered Order No. 410-1 which established 80-acre drilling and spacing units for the production of oil and associated hydrocarbons from the Codell and Niobrara formations underlying certain lands, including the Application Lands. The units consist of the E/2 and W/2 or the N/2 and S/2 of each quarter section with the permitted well located in the center of the NW/4 and SE/4 of each quarter section with a tolerance of 200 feet in any direction. The Application Lands are subject to this Rule for the Niobrara, Fort Hays, Codell and Carlile Formations.
- 5. On June 18, 1984, the Commission entered Order No. 410-2 which permited multiple completion of wells in the Codell and Niobrara formations and, where there is no difference in ownership between formations, to commingle production from said formations in the wellbore for wells located in the spaced area. The Application Lands are subject to this Rule for the Niobrara, Fort Hays, Codell and Carlile Formations.
- 6. On March 17, 1986, the Commission entered Order No. 410-3, amending Order No. 410-1 which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Order No. 410-3 established the right to drill a second well on each 80-acre drilling and spacing unit, with the additional well located in the undrilled quarter section. Sections 21, 22, 27 and 28, Township 6 North, Range 65 West, 6th P.M. are subject to this Order for the Niobrara Formation.

- 7. 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 and/or gas from the Codell and Niobrara Formations underlying certain lands, with the 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.
- 8. On October 1, 2012, the Commission entered Order No. 407-722 which pooled all interests in an approximate 480-acre designated wellbore spacing unit for Sections 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the Five M E28-67HN Well, for the development and operation of the Niobrara Formation. Order No. 407-722 does not affect the relief requested in this Application.
- 9. On October 1, 2012, the Commission entered Order No. 407-723 which pooled all interests in an approximate 480-acre designated wellbore spacing unit for Sections 21, 22, 27 and 28, Township 6 North, Range 65 West, 6th P.M., to accommodate the Five M E28-69HN Well, for the development and operation of the Niobrara Formation. Order No. 407-723 does not affect the relief requested in this Application.
- 10. On June 17, 2014, the Commission entered Order No. 407-1047 pool all interests within an approximate 480-acre wellbore spacing unit established for Sections 26 and 27, Township 6 North, Range 65 West, 6th P.M., and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S. for the Steadfast E27-63-1HN Well, for the development and operation of the Niobrara Formation. Order No. 407-1047 does not affect the relief requested in this Application.
- 11. On June 17, 2014, the Commission entered Order No. 407-1051 which pooled all interests within an approximate 404-acre wellbore spacing unit established for Sections 22, 23, 26, and 27, Township 6 North, Range 65 West, 6th P.M., and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S. for the Reliance E23-79HN Well, for the development and operation of the Niobrara Formation. Order No. 407-1051 does not affect the relief requested in this Application.
- 12. On October 24, 2016, the Commission entered Order No. 407-1821 which pooled all interests in eight approximate 720-acre designated horizontal wellbore spacing units established for portions of Sections 6 and 7, Township 5 North, Range 64 West, 6th P.M., and Section 31, Township 6 North, Range 64 West, 6th P.M., and subjected all nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the Dunn 7L-201 Well, the Dunn 7L-301 Well, the Dunn 7L-341 Well, the Dunn 7Q-221 Well, the Dunn 7Q-301 Well, and the Dunn 7Q-341 Well, for the development and operation of the Niobrara Formation. Order No. 407-1821 does not affect the relief requested in this Application.

- 13. On October 24, 2016, the Commission entered Order No. 407-1822 which pooled all interests in two approximate 720-acre and one approximate 360-acre designated horizontal wellbore spacing units established for portions of Sections 6 and 7, Township 5 North, Range 64 West, 6th P.M., Sections 1 and 12, Township 5 North, Range 65 West, 6th P.M., Section 31, Township 6 North, Range 64 West, 6th P.M., and Section 36, Township 6 North, Range 65 West, 6th P.M., and subjected all nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the Dunn 7i-201 Well, the Dunn 7i-321 Well, and the Dunn 7i-221 Well, for the development and operation of the Niobrara Formation. Order No. 407-1822 does not affect the relief requested in this Application.
- 14. On December 12, 2016, the Commission entered Order No. 407-1837 which pooled all interests in two approximate 720-acre designated horizontal wellbore spacing units established for portions of Sections 5, 6, 7 and 8, Township 5 North, Range 64 West, 6th P.M., and Sections 31 and 32, Township 6 North, Range 64 West, 6th P.M., and subjected all nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the J Klein 7Y-201 Well and the J Klein 7Y-341 Well, for the development and operation of the Niobrara Formation. Order No. 407-1837 does not affect the relief requested in this Application.
- 15. On December 12, 2016, the Commission entered Order No. 407-1838 which pooled all interests in an approximate 520-acre designated horizontal wellbore spacing unit established for portions of Sections 5, 6, 7 and 8, Township 5 North, Range 64 West, 6th P.M., and Sections 31 and 32, Township 6 North, Range 64 West, 6th P.M., and subjected all nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the drilling of the J Klein 7Y-241 Well, for the development and operation of the Niobrara Formation. Order No. 407-1838 does not affect the relief requested in this Application.
- **16.** On May 1, 2017, the Commission entered Order No. 407-1956 which established an approximate 1,900.4-acre drilling and spacing unit for **portions of** Section 30, Township 6 North, Range 64 West, 6th P.M. and Sections 25, 26, and 27, Township 6 North, Range 65 West, 6th P.M., and approved up to 17 horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations.⁴
- 17. On January 28, 2019, the Commission entered Order No. 407-2688 which amended Order No. 407-1821 insofar as it covers the Dunn 7L-221 Well, to apply only to the as-drilled acreage for the Dunn 7L-221 Well (API No. 05-123-42827). Order No. 407-2688 does not affect the relief requested in this Application.

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¹ Applicant recognizes that Section 30 of the Application Lands is subject to a drilling and spacing unit established by Order No. 407-1956. Applicant intends to file an Application to amend Order No. 407-1956.

- 18. On January 28, 2019, the Commission entered Order No. 407-2733 which amended Order No. 407-1821 insofar as it covers the Dunn 7Q-341 Well, to apply only to the as-drilled acreage for the Dunn 7Q-341 Well (API No. 05-123-42824). Order No. 407-2733 does not affect the relief requested in this Application.
- The Commission records reflect that there are Commission Orders pooling various wellbore spacing units within the Application lands. The Commission records also reflect that there are nineteen horizontal wellbore spacing units which include portions of Section 31 of the Application Lands: the Dunn 7L-201 Well (API No. 05-123-42830), the Dunn 7L-221 Well (API No. 05-123-42827), the Dunn 7L-301 Well (API No. 05-123-42825), the Dunn 7L-341 Well (API No. 05-123-42832), the Dunn 7Q-221 Well (API No. 05-123-42831), the Dunn 7Q-241 Well (API No. 05-123-42826), the Dunn 7Q-301 Well (API No. 05-123-42829), the Dunn 7Q-341 Well (API No. 05-123-42824), the Dunn 7i-201 Well (API No. 05-123-42828), the Dunn 7i-321 Well (API No. 05-123-42823), the Dunn 7i-221 Well (API No. 05-123-42833), the J Klein 7T-301 Well (API No. 05-123-42999), the J Klein 7T-121 Well (API No. 05-123-43000), the J Klein 7T-201 Well (API No. 05-123-43001), the J Klein 7T-241 Well (API No. 05-123-43002), the J Klein 7Q-321 Well (API No. 05-123-43005), the J Klein 7Y-201 Well (API No. 05-123-43004). the J Klein 7Y-341 Well (API No. 05-123-42998), and J Klein 7Y-241 Well (API No. 05-123-43003). The pooling orders and the wellbore spacing units do not affect the relief requested in this Application.
- 20. The Commission records reflect that there is one horizontal wellbore spacing unit which includes portions of Section 30 of the Application Lands for the Kona A19-616 Well (API No. 05-123-44575) operated by Applicant. The wellbore spacing unit does not affect the relief requested in this Application.
- 21. The Commission records reflect that there is one horizontal well producing from the Niobrara Formation in Section 31 of the Application Lands the Cervi #13-31H (API No. 05-123-34142) operated by PDC Energy. Applicant requests that this well be excluded from the proposed 1,229.54-acre drilling and spacing unit for **DSU #2 in** the Application Lands.
- 22. The Commission records reflect that there are also vertical and directional wells producing from the Niobrara Formation within the Application Lands for both DSU #1 and DSU #2. Applicant requests that all vertical and directional wells be excluded from the DSU #1 and DSU #2 proposed for the Application Lands.
- 23. The Commission records reflect that there are five existing horizontal wellbore spacing units within the Application Lands subject to Order No. 407-1956: the Five M E28-69HN (API No. 05-123-34797), the Five M E28-67HN (API No. 05-123-34786), the Resolute E25-63HC (API No. 05-123-34786), the Reliance E23-79HN Well (API No. 05-123-38868), the Steadfast E27-63-1HN Well (API No. 05-123-38159). The wellbore spacing units do not affect the relief requested in this Application.

- 24. The Commission records reflect that there are five (5) pending APDs with portions in Sections 25, 26, and 27 of the proposed contracted DSU #1 for the Hungenberg UH5, Hungenberg UH6, Hungenberg UH7, Hungenberg UH8, and Hungenberg UH9 proposed to be drilled by Incline Operating Inc. ("Incline") Applicant requests that these wells be excluded from the proposed contracted DSU #1.
- 25. On August 17, 2018, Incline filed an Application in Docket Number 181000716 to establish an approximate 600-acre drilling and spacing unit for portions of Sections 27 and 28, Township 6 North, Range 65 West, 6th P.M. which overlap with portions of the established unit in Order No. 407-1956. Applicant is working with Incline towards a resolution of this Application.
- 26. To promote efficient drainage within the Niobrara, Fort Hays, Codell and Carlile Formations of the Application Lands, to protect correlative rights and to avoid waste, the Commission should amend Order No. 407-1956 to remove Section 30, Township 6 North, Range 64 West, 6th P.M. and contract the established unit to an approximate 1,446.37-acre drilling and spacing unit, for portions of Sections 25, 26, and 27, Township 6 North, Range 65 West, 6th P.M., for the Codell and Niobrara Formations, and establish an approximate 1,229.54-acre drilling and spacing unit for Application Lands comprised of DSU #2 for the efficient and economic development and operation of the Niobrara, Fort Hays, Codell and Carlile Formations.
- 27. The above-proposed contracted DSU #1 drilling and spacing unit will allow efficient drainage of the Niobrara and Codell 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. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in the unit.
- 28. The above-proposed 1229.54-acre **DSU #2** drilling and spacing unit will allow efficient drainage of the Niobrara, Fort Hays, Codell and Carlile 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. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed wells in the unit.
- 29. Noble maintains that there will be no more than two (2) new well pads in the **each** unit, or adjacent thereto, unless an exception is granted by the Director.
- 30. The productive interval of each proposed horizontal well shall be no closer than 460 feet on the boundaries of the each proposed unit (regardless of lease lines within the unit), unless an exception is granted by the Director, and all horizontal wells shall be no closer than 150 feet from the productive interval of another well producing within the each unit, unless a waiver or consent is obtained from the operator of such well.

- 31. Noble is requesting to maintain the approval of 17 horizontal wells within the contracted unit for DSU #1 for the efficient and economic development of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations.
- 32. Noble is requesting to drill and complete up to seven (7) new horizontal wells in the proposed **DSU #2** approximate 1,229.54-acre drilling and spacing unit for the efficient and economic development of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations underlying the Application Lands.
- 33. The undersigned certifies that copies of this Application will be served on each interested party as required by Rule 507.
- 34. 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.
- 35. 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.

WHEREFORE, Noble respectfully requests that this matter be set for hearing in April, 2019, that notice be given as required by law, and that upon such hearing, the Commission enter its order to:

- A. Amend Order No. 407-1956 to remove Section 30, Township 6 North, Range 64 West, 6th P.M., and contract the unit to an approximate 1446.37-acre drilling and spacing unit for portions of Sections 25, 26 and 27, Township 6 North, Range 65 West, 6th P.M., for the production of the Codell and Niobrara Formations;
- B. Provide that the productive interval of each proposed horizontal well shall be no closer than 460 feet on the boundaries of the contracted unit (regardless of lease lines within the unit), and no closer than 150 feet from the productive interval of another well in the unit, unless an exception is granted by the Director, and authorizing up to two (2) new well pads within the unit, or adjacent thereto, unless an exception is granted by the Director.
- C. Finding that the approximate 1446.37-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations underlying the DSU #1 in the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Niobrara and Codell Formations in Sections 25, 26 and 27, Township 6 North, Range 65 West, 6th P.M.

- D. Establish an approximate 1,229.54-acre drilling and spacing unit for Sections 30 and 31, Township 6 North, Range 64 West, 6th P.M., for the development and operation of the Niobrara, Fort Hays, Codell and Carlile Formations and to approve up to seven (7) new horizontal wells in the proposed approximate 1,229.54-acre drilling and spacing unit in order to efficiently and economically develop and recover the Niobrara, Fort Hays, Codell and Carlile Formations in the unit.
- E. Provide that the productive interval of each proposed horizontal well shall be no closer than 460 feet on the boundaries of the proposed unit (regardless of lease lines within the unit), and no closer than 150 feet from the productive interval of another well in the unit, unless an exception is granted by the Director, and authorizing up to two (2) new well pads within the unit, or adjacent thereto, unless an exception is granted by the Director.
- **F.** Finding that the approximate 1,229.54-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations underlying the **DSU #2 in the** Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Niobrara, Fort Hays, Codell and Carlile Formations in Sections 30 and 31, Township 6 North, Range 64 West, 6th P.M.
- **G**. For such other findings and orders as the Commission may deem proper or advisable in this matter.

DATED January 29 February 5, 2019.

Respectfully submitted:

NOBLE ENERGY, INC.

Ву:

Jamie L. Jost

Kelsey H. Wasylenky Jost Energy Law, P.C.

Attorneys for Applicant

555 17th Street, Suite 975 Denver, Colorado 80202

(720) 446-5620

Applicant's Address: Noble Energy, Inc.

ATTN: Ashley Grilz 1625 Broadway, Suite 2200

Denver, CO 80202

VERIFICATION

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

Ryan D. Antonio, of lawful age, being first duly sworn upon oath, deposes and says that he is a Land Manager for Noble Energy, Inc., and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

Ryan D. Antonio Attorney-In-Fact Noble Energy, Inc.

RIP

Subscribed and sworn to before me this /// day of February, 2019.

Witness my hand and official seal.

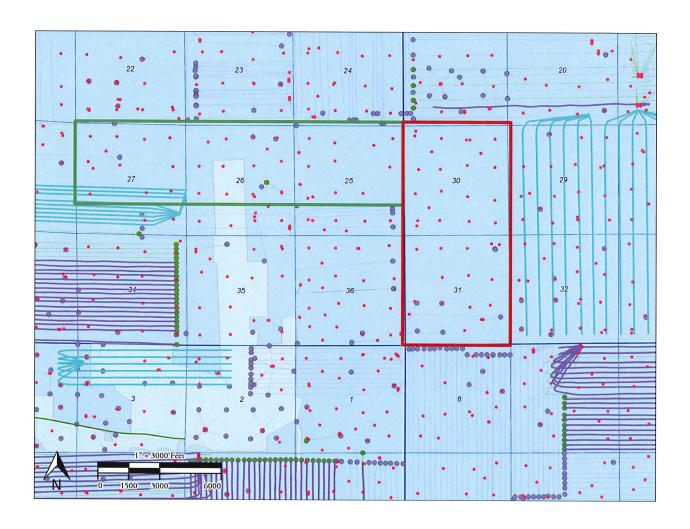
[SEAL]

JULIE K BROWN
Notary Public
State of Colorado
Notary ID # 20094014382

My commission expires:

Notary Public

Reference Map Noble Energy, Inc.





- DSU # 2 - Sections 30 and 31, Township 6 North, Range 64 West, 6th P.M.

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

IN THE MATTER OF THE **AMENDED** APPLICATION OF NOBLE ENERGY, INC., FOR AN ORDER TO AMEND ORDER NO. 407-1956 TO CONTRACT THE ESTABLISHED DRILLING AND **SPACING** UNIT AND **ESTABLISH** APPROXIMATE 1,229.54-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 30 AND 31. TOWNSHIP 6 NORTH, RANGE 64 WEST, 6TH P.M. AND TO APPROVE UP TO SEVEN (7) NEW HORIZONTAL WELLS IN THE 1,229.54-ACRE UNIT FOR THE DEVELOPMENT OPERATION OF THE NIOBRARA, FORT HAYS, AND CODELL CARLILE FORMATIONS. WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407

DOCKET NO. 190400278

TYPE: SPACING

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Application, Amended Application and Notice of Hearing in the above-referenced docket were deposited in the U.S. mail on or before February 28, 2019 postage pre-paid, to the interested parties listed on the attached Exhibit A.

DATED this 25th day of March 2019.

Sydney Nelson

Exhibit A Noble SP – T6N-R64 – Sec 30 & 31

Anadarko E&P Onshore LLC 1099 18th Street, Suite 1800 Denver, CO 80202

Bayswater Fund III-A LLC 730 17th Street, Suite 610 Denver, CO 80202

Bayswater Resources LLC 730 17th Street, Suite 610 Denver, CO 80202

Edward A. Holloway 3892 Tayside Court Timnath, CO 80547

Greeley-Weld County Airport Authority P.O. Box 727 Greeley, CO 80632

H&I Investments, Ltd. 7657 E. Via De Ventura Scottsdale, AZ 85258

Incline Energy, LLC 5019 N. Central Expressway, Suite B Dallas, TX 75205

J. Cleo Thompson & James Cleo Thompson, Jr., a Partnership 325 N. St. Paul, Suite 4300 Dallas, TX 75201

Jack L. Schreiber 38258 S. Golf Course Drive Tucson, AZ 85739

Kerr-McGee Oil & Gas Onshore LP 1099 18th Street, Suite 1800 Denver, CO 80202

PDC Energy, Inc. Attn: Ms. Megan Lowe 1775 Sherman Street, Suite 3000 Denver, CO 80203 Rat Hole Drilling P.O. Box 907 Mills, WY 82644

Sand Ridge Resources, LLC 15113 County Road 32 Platteville, CO 80651

Timothy D. Tipton 1340 Ash Street Denver, CO 80220

Wells Energy Co. 100 Fillmore Street #450 Denver, CO 80206

Willmar, LLC 7657 E. Via De Ventura Scottsdale, AZ 85258

Pivotal Niobrara, LP 2021 McKinney Avenue, Suite 1250 Dallas, TX 75201

Andrau/CMI Venture No. 1 c/o Cary G. Clarke, Co-Independent Executor of the Estate of Benjamin Devane Clarke, Jr. 517 Harmony Lane Colleyville, TX 76034

Andrau/CMI Venture No. 1 c/o Benjamin Devane Clarke, III, Co-Independent Executor of the Estate of Benjamin Devane Clarke, Jr. 7300 Pace Ravine Drive Lago Vista, TX 78645

Andrau/CMI Venture No. 1 c/o Susan C. Wood, Co-Independent Executor of the Estate of Benjamin Devane Clarke, Jr. 4300 Lomo Alto Drive, Building 1-1 Dallas, TX 75219

Incline Niobrara Partners, LP 5019 N. Central Expressway, Suite B Dallas, TX 75205

Sean Hackett
Colorado Department of Public Health &
Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

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Jason Maxey Weld County Department of Planning Services 1555 North 17th Avenue Greeley, CO 80631