

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

IN THE MATTER OF THE APPLICATION OF
CRESTONE PEAK RESOURCES OPERATING LLC
FOR AN ORDER TO: (1) ESTABLISH AN
APPROXIMATE 2,560-ACRE DRILLING AND
SPACING UNIT FOR PORTIONS OF SECTIONS 2,
3, 10 AND 11, TOWNSHIP 1 NORTH, RANGE 69
WEST AND PORTIONS OF SECTIONS 26, 27, 34
AND 35, TOWNSHIP 2 NORTH, RANGE 69 WEST,
6TH P.M. IN ACCORDANCE WITH A
CORRESPONDING COMMISSION RULE 216
COMPREHENSIVE DRILLING PLAN OR IF SUCH
PLAN IS NOT APPROVED IN ACCORDANCE WITH
C.R.S. § 34-60-116, (2) ALLOW UP TO FIFTY-SIX
(56) SEVENTY-TWO (72) HORIZONTAL WELLS IN
THE 2,560 ACRE DRILLING AND SPACING UNIT IN
ACCORDANCE WITH A CORRESPONDING
COMMISSION RULE 216 COMPREHENSIVE
DRILLING PLAN OR IF SUCH PLAN IS NOT
APPROVED IN ACCORDANCE WITH C.R.S. § 34-
60-116, (3) TO APPROVE UP TO FIVE (5) SIX (6)
OIL AND GAS LOCATIONS WELLPADS
(LOCATIONS TO BE DETERMINED) IN
ACCORDANCE WITH A CORRESPONDING
COMMISSION RULE 216 COMPREHENSIVE
DRILLING PLAN OR IF SUCH PLAN IS NOT
APPROVED UP TO FOUR (4) WELLPADS WITHIN
THE UNIT FOR THE DEVELOPMENT AND
OPERATION OF THE CODELL AND NIOBRARA
FORMATIONS, WATTENBERG FIELD, BOULDER
COUNTY, COLORADO. AND (4) TO APPROVE A
RULE 502.b VARIANCE TO COMMISSION RULE
303.

CAUSE NO. 407

DOCKET NO. 170500192

TYPE: SPACING

SECOND AMENDED NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 1 North, Range 69 West, 6th P.M.

Section 2: W½
Section 3: E½ All
Section 10: E½ All
Section 11: W½

Township 2 North, Range 69 West, 6th P.M.

Section 26: W½
Section 27: E½ All
Section 34: E½ All
Section 35: W½

2,560 acres, more or less, Boulder County, Colorado.

APPLICATION

On or before February 22, 2017, as amended on March 17, 2017 and **June 15, 2018**, Crestone Peak Resources Operating LLC (Operator No. 10633) ("Crestone Peak" or "Applicant"), filed a verified application pursuant C.R.S. 34-60-116 for an order **at the September 2018 hearing**:

1) Establishing an approximate 2,560-acre drilling and spacing unit for **Section 2: W½, Section 3: E½, Section 10: E½ and Section 11: W½, Township 1 North, Range 69 West and Section 26: W½, Section 27: E½, Section 34: E½ and Section 35: W½, Township 2 North, Range 69 West, 6th P.M., Boulder County, Colorado in accordance with Applicant's corresponding Commission Rule 216 Comprehensive Drilling Plan or if such plan is not approved in accordance with C.R.S. 34-60-116.**

2) Allowing up to **fifty-six (56) ~~seventy-two (72)~~** horizontal wells in the approximate 2,560-acre drilling and spacing unit for the development and operation of the Codell and Niobrara Formations in accordance with Applicant's corresponding Commission Rule 216 Comprehensive Drilling Plan **or if such plan is not approved in accordance with C.R.S. 34-60-116.**

3) Allowing up to **five (5) ~~six (6)~~** Oil and Gas Locations, with such locations to be determined, in accordance with Applicant's corresponding Commission Rule 216 Comprehensive Drilling Plan, unless an exception is granted by the Director, **or if such plan is not approved up to four (4) wellpads within the unit, unless an exception is granted by the Director.**

4) Providing that the treated interval of any horizontal well shall be no closer than 460 feet from the unit boundaries, and not less than 150 feet from the treated interval of another well within the unit, unless an exception is granted by the Director.

5) Finding that the approximate 2,560-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations in the Application Lands.

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

APPLICABLE ORDERS AND RULES

(available online at: <http://cogcc.state.co.us>, under "Regulation," then select "Orders" or "Rules")

- On February 19, 1992, the Commission entered Order No. 407-87 which, among other things, established eighty (80) acre drilling and spacing units for vertical and/or directional wells for the production of oil and/or gas from the Codell-Niobrara Formations. The Application Lands are subject to Order No. 407-87 as it applies to the existing vertical

and/or directional well development and operation of the Codell and Niobrara Formations on the Application Lands.

- The Application Lands are within the Greater Wattenberg Area (“GWA”) and thus are subject to Rule 318A. 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 within the GWA. 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 further amended to, among other things, address drilling of horizontal wells. The August 8, 2011 amendment did not prohibit the establishment of drilling and spacing units within the GWA but the Application Lands will be subject to the four hundred sixty (460) foot subsurface mineral boundary setback for the Codell and Niobrara Formations prescribed under Rule 318A.
- On May 1, 2017, the Commission entered Order Nos. 1-199 and 407-1960 in which, among other things, Crestone, 8 North LLC, a wholly owned subsidiary of Extraction Oil & Gas, Inc., and Kerr-McGee Oil & Gas Onshore LP (“collectively, the “Parties”) stipulated and agreed to a voluntary standstill on the filing of Forms 2 and 2A within the Application Lands. The Parties further agreed that there will be no Forms 2 and 2As filed until the day after the Commission enters an order on the Comprehensive Drilling Plan.

NOTICE IS HEREBY GIVEN, pursuant to §§ 34-60-101 to -130, C.R.S., and the Commission’s Rules of Practice and Procedure, 2 CCR 404-1, that the Commission has scheduled this matter for hearing on:

Date: **September 17-18, 2018**
Time: **9:00 a.m.**
Place: **Garfield County Sherriff’s Annex – Rifle
106 County Road 333-A
Rifle, Colorado 81650**

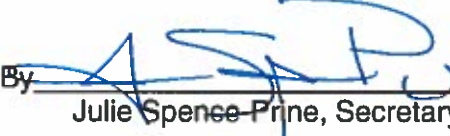
Additional information about the hearing on this Application will be in the Commission’s Agenda, which is posted on the Commission website approximately 3 days before the hearing.

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

At hearing, the Commission will consider the Application and enter an order pursuant to its authority under the statute. **Any interested party desiring to protest or intervene should file with the Commission a written protest or intervention in accordance with Rule 509, no later than August 31, 2018.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. One electronic (cogcc.hearings_unit@state.co.us), one original and two copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of September 3, 2018.** Pursuant to Rule 511, if the

matter is uncontested, it may be approved without a hearing.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By  _____
Julie Spence-Prine, Secretary

Dated: August 9, 2018

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