

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

IN THE MATTER OF THE PAYMENT OF) CAUSE NO. 1
PROCEEDS FROM THE PRODUCTION OF OIL)
AND GAS AS ESTABLISHED BY SECTION 34-60-) DOCKET NO. 170700468
118.5, C.R.S., MAMM CREEK FIELD, MANCOS)
GROUP FORMATION, GARFIELD COUNTY,) TYPE: GENERAL ADMINISTRATIVE
COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

WELLS

Dever C-9 Well (API No. 05-045-14947)

APPLICATION

On May 25, 2017, Grant Brothers Ranch, LLC ("Grant Brothers" or "Applicant"), by its attorneys, filed an Application to Request for Hearing pursuant to §34-60-118.5, C.R.S., and Rule 503.b.(10), for an order to:

1. Require Ursa Operating Company, LLC. ("Ursa" or "Payor") to provide a full and complete accounting for the abovementioned Well Dever C-9 Well (API No. 05-045-14947) ("Well") in the Williams Fork and Illes Formation under the supervision of the Commission;
2. Declare the date of payout for the Well;
3. Declare Ursa liable to the Applicant for all underpaid income on production of the Well, and
4. Require Ursa to pay Applicant the amounts due revealed by proof or by accounting, together with the interest due from the production attributable to the Well located in Garfield County, Colorado, and to award relief for all associated penalties and attorney's fees due to Grant Brothers attributable to the payment due from Ursa.

APPLICABLE STATUTE

- Section 34-60-118.5(5), C.R.S. provides that absent a bona fide dispute over the interpretation of a contract for payment, the Colorado Oil and Gas Conservation Commission has jurisdiction to determine the following:
 - (a) The date on which payment of proceeds is due a payee under section (2) of the section;
 - (b) The existence or nonexistence of an occurrence pursuant to subsection (3) of this section which would justifiably cause a delay in payment; and
 - (c) The amount of the proceeds plus interest, if any due a payee or payer.

- Section 34-60-118.5(2)(a), C.R.S., provides that payment of proceeds derived from the sale of oil, gas, or associated products shall be paid by a payer to the payee commencing not later than six months after the end of the month in which production is first sold, and, thereafter, on a monthly basis not later than sixty days for oil and ninety days for gas and associated products following the end of the calendar month in which subsequent production is sold.
- Section 34-60-116(7), C.R.S. provides that during the period of cost recovery, the commission shall retain jurisdiction to determine the reasonableness of the costs of operation of the well attributable to the interest of such nonconsenting owner.
- On November 27, 2006, the Commission entered Order No. 191-40 which, among other things, established an approximate 223.578 acre drilling and spacing unit, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations for certain lands in Township 6 South, Range 92 West, 6th P.M. and to allow the equivalent of one well per 10 acres to be drilled on the unit.
- On July 23, 2007, the Commission entered Order No. 191-51 which pooled all nonconsenting interests, including Applicant, in the 223.578-acre drilling and spacing unit located in Section 18, Township 6 South, Range 92 West, 6th P.M., for the development and operation of the Williams Fork and Iles Formations. The Order further states that the operator of any well drilled on the above-described unit shall furnish all nonconsenting owners with a monthly statement of all costs incurred, together with the quantity of oil and gas produced, and the amount of proceeds realized from the sale of production during the preceding month.
- On January 13, 2009, the Commission entered Order No. 191-60 which, among other things, established various drilling and spacing units, including an approximate 223.578-acre drilling and spacing unit for Section 18, Township 6 South, Range 92 West, 6th P.M., and allow one well per 10 acres, with the permitted well to be located no closer than 100 feet to the unit, for the production of gas and associated hydrocarbons from the Mancos Group Formation (which is comprised of the stratigraphic equivalent of the Mancos Shale, the Niobrara Formation and the Mowry Shale).
- On July 14, 2009, the Commission entered Order No. 191-67 which, among other things, pooled all nonconsenting interests, including Applicant's interest, in the established approximate 223.578-acre drilling and spacing unit for certain lands located within the N½ of Section 18, Township 6 South, Range 92 West, 6th P.M., for the development and operation of the Mancos Group Formation (which is comprised of the stratigraphic equivalent of the Mancos Shale, the Niobrara Formation and the Mowry Shale).

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 11 - 12, 2017

Time: 9:00 a.m.

Place: Durango Public Library
Program Room #2
1900 East Third Avenue
Durango, CO 81301

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 28, 2017.** 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 August 28, 2017.** 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 
James Rouse, Acting Secretary

Dated: August 3, 2017

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