

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 407
ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS FOR THE NIOBRARA) DOCKET NO. 171200842
AND CODELL FORMATIONS, WATTENBERG)
FIELD, WELD COUNTY, COLORADO) TYPE: SPACING

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 1 North, Range 65 West, 6th P.M.
Section 27: All
Section 34: All

APPLICATION

On October 12, 2017, amended November 3, 2017, Verdad Resources LLC (Operator No. 10651) ("Verdad" or "Applicant"), filed a verified application pursuant to C.R.S. § 34-60-116, for an order to:

- 1) Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands and approve 16 horizontal wells in the proposed unit, for production of oil, gas, and associated hydrocarbons from the Niobrara and Codell formations;
- 2) Require the productive interval of the wellbore of any permitted wells in the unit to be located no closer than 460 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located in the unit; and
- 3) Provide that the wells shall be drilled a maximum of two (2) well pads within the unit subject to Rule 318A. or on adjacent lands, unless an exception is granted by the Director.

APPLICABLE RULES AND ORDERS

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

- 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. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A was amended, among other things, 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, among other things, to address drilling of horizontal wells. The Application Lands are subject to Rule 318A for the Codell and Niobrara formations.

- 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, gas, and associated hydrocarbons from the Codell-Niobrara formations, the Codell formation, and the Niobrara formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order 407-1.
- The Application Lands contain the Rowe 13N-27HZ well (API No. 05-123-33826), a horizontal well operated by Kerr-McGee Oil & Gas Onshore LP. The spud date for the Rowe 13N-27HZ well was August 2, 2011, and the wellbore was completed on August 21, 2011. COGIS records indicate that the well is currently shut in. According to the Form 2/Application for Permit to Drill approved June 30, 2011, the Rowe 13N-27HZ well is spaced as a 640-acre wellbore spacing unit covering all of Section 27. Verdad excludes the Rowe 13N-27HZ well from this Application, to the extent it is still producing, and asserts that the production and payments from the well should be maintained under the authority COGCC Rule 318A.a.(4)D. and any applicable Commission orders.

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:

Dates: December 11-13, 2017

Time: 9:00 a.m.

Place: Colorado Oil and Gas Conservation Commission
The Chancery Building
1120 S. Lincoln St., Ste. 801
Denver, CO, 80203

Additional information about the hearing on this Application will be in the Commission's Agenda, which is posted on the Commission website approximately three (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 November 27, 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 November 27, 2017, if a prehearing conference is requested by the Applicant, or any person who has filed a protest or intervention.** 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: November 6, 2017

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