

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 535
ESTABLISHMENT OF FIELD RULES TO)	
GOVERN OPERATIONS FOR THE NIOBRARA,)	DOCKET NO. 180600424
FORT HAYS, CODELL, AND CARLILE)	
FORMATIONS, UNNAMED FIELD, WELD)	TYPE: SPACING
COUNTY, COLORADO)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 9 North, Range 59 West, 6th P.M.

Section 1: All

Section 12: All

APPLICATION

On April 12, 2018, Verdad Resources, LLC, Operator No. 10651 ("Verdad" or "Applicant") filed a verified application pursuant to §34-60-116, C.R.S., for an order to:

- 1) Vacate Order Nos. 535-239 as to Section 1 of the Application Lands, and 535-479 as Section 12 of the Application Lands;
- 2) Continue Order Nos. 535-3, 535-58, 535-63, and 535-222, only as to the operation and production of the Timbro LC 12-78HN Well (API No. 05-123-33086) and the Timbro Ranch 1-41-9-59 Well (API No. 05-123-34438);
- 3) Establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approving to drill and complete 1 horizontal well within the proposed unit, with the option to drill and complete up to a total of 13 new horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations, with the treated intervals of any horizontal well permitted under this Application located not less than 600 feet from unit boundaries and not less than 150 feet from the treated interval of a wellbore producing within the unit, unless an exception is granted by the Director; and
- 4) Require that the wells will be drilled from no more than four surface locations within the unit, or on adjacent lands, unless an exception is granted by the Director.

APPLICABLE ORDERS AND RULES

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

- Rule 318.a. of the Rules and Regulations of the Oil and Gas Conservation Commission requires that, on unspaced lands, wells drilled in excess of 2,500 feet in depth be located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. The Application Lands are subject to this Rule.
- On March 8, 2011, the Commission entered Order No. 535-3, which established 160 approximate 640-acre drilling and spacing units for certain lands in Townships 8, 9, and 10, North, Ranges 58 through 61 West, 6th P.M., and approved one horizontal well in each unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 600 feet from the unit boundaries, without exception being granted by the Director. Section 12 of the Application Lands is subject to this order for the Niobrara Formation.
- On August 8, 2011, the Commission entered Order No. 535-58, which established two approximate 640-acre drilling and spacing units for certain lands in Township 9 North, Range 59 West, 6th P.M., and approved up to two horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore for the permitted wells being no closer than 600 feet from the unit boundaries, without exception being granted by the Director. Section 1 of the Application Lands is subject to this order for the Niobrara Formation.
- On August 8, 2011, the Commission entered Order No. 535-63, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-58 for Section 1, Township 9 North, Range 59 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S. against any nonconsenting owners in the in the Timbro Ranch 1-41-9-59 Well (API No. 05-123-34438), effective as of the earlier or the date of the Application, or the date that any costs specified for the above described well are first incurred, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Section 1 of the Application Lands is subject to this order for the Niobrara Formation.
- On January 23, 2012, the Commission entered Order No. 535-130, which affirmed Order No. 535-63 to pool the interests of any owners that had not received notice of the prior hearing, and pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-58 for Section 1, Township 9 North, Range 59 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S. against any nonconsenting owners in the Timbro Ranch 1-41-9-59 Well (API No. 05-123-34438) to be drilled within the unit, effective as of the earlier or the date of the Application, or the date that any costs specified for the above described well are first incurred, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation. Section 1 of the Application Lands is subject to this order for the Niobrara Formation.
- On November 15, 2012, the Commission entered Order No. 535-222, which pooled all interests in an approximate 640-acre drilling and spacing unit established by Order No. 535-3 for Section 12, Township 9 North, Range 59 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S. against any nonconsenting owners in the Timbro LC12-78HN Well (API No. 05-123-33086), effective as of the earlier or the date of the Application, or the date that any costs specified for the above described well are first incurred, for the production of oil, gas, and associated hydrocarbons from the Niobrara

Formation. Section 12 of the Application Lands is subject to this order for the Niobrara Formation.

- On January 7, 2013, the Commission entered Order No. 535-239, which approved up to six horizontal wells within eight approximate 640-acre drilling and spacing units established for certain lands in Townships 7 through 9 North, Ranges 59 through 61 West, 6th P.M., for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbores to be located no closer than 600 feet from the unit boundaries and no closer than 600 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director. Section 1 of the Application Lands is subject to this order for the Niobrara Formation.
- On April 28, 2014, corrected June 18, 2014, the Commission entered Order No. 535-479, which modified an approximate 640-acre drilling and spacing units established by Order No. 535-3 for Section 12, Township 9 North, Range 59 West, 6th P.M. to include the Codell Formation, and to approve up to eighteen (18) horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, with the treated interval of the wellbores to be located no closer than 150 feet from the treated interval of any other wellbore located in the unit, and no closer than 600 feet from the western unit boundary, no closer than 300 feet from the northern and southern unit boundary, and allowing for reciprocal setbacks upon the eastern unit boundary as described within the order, without exception being granted by the Director. Section 12 of the Application Lands is subject to this order for the Niobrara and Codell Formations.

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: June 11-12, 2018
Time: 9:00 a.m.
Place: Lindou Auditorium
Michener Library
University of Northern Colorado
501 20th St.
Greeley, Colorado 80639

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 May 25, 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 May 28, 2018, 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: May 4, 2018

Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203
Website: <http://cogcc.state.co.us>
Phone: (303) 894-2100
Fax: (303) 894-2109

Attorneys for Applicant:
Joseph C. Pierzchala
Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
1125 17th Street, Suite 2200
Denver, CO 80202
(303) 830-2500
jpierzchala@wsmtlaw.com
gstorm@wsmtlaw.com