

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, AND) DOCKET NO. 180700567
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 19: W½
Section 30: W½

APPLICATION

On May 31, 2018, amended June 18, 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) Establish an approximate 640-acre drilling and spacing unit for the Application Lands, for production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations;
- 2) Approve the drilling of up to eight horizontal wells within the unit;
- 3) Require that the treated interval of any well be no closer than 150 feet from the treated interval of any other wellbore producing from the Niobrara and/or Codell Formations, no closer than 300 feet from the northern and southern unit boundaries, and no closer than 460 feet from the eastern and western unit boundaries, without exception being granted by the Director; and
- 4) Require that the wells will be drilled from no more than two 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")

- On April 27, 1988, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which was amended on August 8, 2011 to, among other things, address the drilling of horizontal wells. Rule 318A requires that a horizontal wellbore spacing unit must include any governmental quarter-quarter

section that is located less than 460' from the completed interval of the wellbore lateral, and allows for overlapping wellbore units. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of the Greater Wattenberg Area.

- On February 19, 1992 (amended August 20, 1993), the Commission entered Order No. 407-87 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 No. 407-1. There are vertical wells producing from the Niobrara and Codell Formations within the Application Lands that are subject to this Order.
- On July 19, 2016, the Commission entered Order No. 407-1759, which pooled all interests in an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Johnson 01N-65W-30-8N Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.
- On July 24, 2017, the Commission entered Order No. 407-2150, which pooled all interests in an approximate 320-acre Rule 318A designated horizontal wellbore spacing unit, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Lehl 30-7 Well, for the production of oil, gas, and associated hydrocarbons from the Codell Formation.
- On March 19, 2018, the Commission entered Order No. 407-2414, which pooled all interests in two approximate 400-acre designated horizontal wellbore spacing units, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Azul 13-24HZ Well (API No. 05-123-46106) and the Azul 13-25HZ Well (API No. 05-123-46100), for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations.
- On March 19, 2018, the Commission entered Order No. 407-2415, which pooled all interests in an approximate 400-acre designated horizontal wellbore spacing unit, and approved cost-recovery under Section 34-60-116(7)(b)(II), C.R.S., against any nonconsenting owners in the Azul 13-30HZ Well (API No. 05-123-46114), for the production of oil, gas, and associated hydrocarbons from the Codell Formation.

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: July 30 - August 1, 2018
Time: 9:00 a.m.
Place: Colorado Oil and Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

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 July 16, 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 July 16, 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: June 21, 2018

Colorado Oil and Gas Conservation Commission
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