

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, FORT HAYS,) DOCKET NO. 181201039
CODELL AND CARLILE FORMATIONS, UNNAMED)
FIELD, WELD COUNTY, COLORADO) TYPE: SPACING

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 8 North, Range 60 West, 6th P.M.
Section 25: All

On October 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) Modify an approximate 640-acre drilling and spacing unit established by Order No. 535-70 for the Application Lands to include the Fort Hays, Codell, and Carlile Formations, and to establish well location rules such that the treated interval of each wellbore within the unit shall be located no closer than 300 feet from the unit boundaries, and no closer than 150 feet from the productive interval of any other wellbore located within the unit, unless an exception is granted by the Director;
- 2) Require that the wells be drilled and operated from no more than three (3) surface locations within the unit or from legal locations on adjacent lands, without exception 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.
- On September 19, 2011, the Commission entered Order No. 535-70, which established two 160 approximate 640-acre drilling and spacing units, one covering Section 25, Township 8 North, Range 60 West, 6th P.M., and approved two horizontal wells within each unit, 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, without exception being granted by the Director.
- On July 9, 2012, the Commission entered Order No. 535-188, which pooled all interests within an approximate 640-acre drilling and spacing unit for Section 25, Township 8 North,

Range 60 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S., against any nonconsenting owners in the Hemberger 2-25-34-8-60 Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

- On November 15, 2012, the Commission entered Order No. 535-219, which approved up to four horizontal wells within each of three approximate 640-acre drilling and spacing units covering Sections 25, 26, and 35, Township 8 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be 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.
- On March 25, 2013, the Commission entered Order No. 535-294, which approved up to six horizontal wells within each of three approximate 640-acre drilling and spacing units covering Sections 25, 26, and 35, Township 8 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be 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.
- On May 6, 2013, the Commission entered Order No. 535-310, which affirmed Order No. 535-188, and pooled all interests within an approximate 640-acre drilling and spacing unit for Section 25, Township 8 North, Range 60 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S., against any nonconsenting owners in the Hemberger 2-25-34-8-60 Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.
- On January 27, 2014, the Commission entered Order No. 535-458, which approved an additional ten horizontal wells, for a total of up to sixteen horizontal wells, within an approximate 640-acre drilling and spacing unit covering Section 25, Township 8 North, Range 60 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the intrawell distance to be no closer than 300 feet from the productive interval of any other wellbore producing from the Niobrara Formation, and no closer than 300 feet from the exterior boundaries of the unit, except along the north section line of Section 25, Township 8 North, Range 60 West, 6th P.M. which shall be no closer than 600 feet from the exterior unit boundary, with a further exception allowing for corresponding reciprocal setbacks of 300 feet along the northern section line of Section 25, Township 8 North, Range 60 West, 6th P.M. upon application and approval of 300 foot boundary setbacks by the Commission for the southern section line of Section 24, Township 8 North, Range 60 West, 6th P.M., without exception being granted by the Director.

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: December 17-18, 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 three 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 December 3, 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 December 3, 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: November 7, 2018

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