

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 CODELL ) DOCKET NO. 181201057  
FORMATIONS, WATTENBERG FIELD, WELD )  
COUNTY, COLORADO ) TYPE: EXCEPTION  
LOCATION

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 1 North, Range 68 West, 6<sup>th</sup> P.M.

Section 19: All

Section 30: All

Section 31: N $\frac{1}{2}$ ; N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$

APPLICATION

On October 22, 2018, Crestone Peak Resources Operating, LLC (Operator No. 10633) ("Crestone Peak" or "Applicant"), filed a verified application pursuant to §34-60-116, C.R.S. for an order to:

1) Amend Order No. 407-2449 to authorize reduced setbacks of 150 feet on the western boundary of an approximate 1,680-acre drilling and spacing unit established for Sections 19, 30 and portions of 31, Township 1 North, Range 68 West, 6<sup>th</sup> P.M., for the development and operation of the Codell and Niobrara Formations in the unit.

2) Find that reduced setbacks of 150 feet on the western boundary of the 1,680-acre drilling and spacing unit established for the Application Lands for the development of oil, gas, and associated hydrocarbons from the Codell and Niobrara Formations will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Codell and Niobrara Formations in the Application Lands.

3) For such other findings and orders as the Commission may deem proper or advisable in this matter.

APPLICABLE ORDERS AND RULES

(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. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was amended to, among other things,

address drilling of horizontal wells. The August 8, 2011 amendment did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area. The Application Lands are within the Greater Wattenberg Area and are subject to the 460' subsurface setback for the Codell and Niobrara Formations.

- On October 31, 2017, the Commission entered Order No. 407-2209 which, among other things, established an approximate 1,000-acre drilling and spacing unit for Section 31: N $\frac{1}{2}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ , Section 32: N $\frac{1}{2}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$  and Section 33: NW $\frac{1}{4}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ , Township 1 North, Range 68 West, 6th P.M., and approved a total of up to 12 horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, providing that the productive interval of the wellbore shall be no closer than 150 feet from the productive interval of any other wellbore producing from the Codell and Niobrara Formations, and no closer than 460 feet from the northern, southern, and western unit boundaries and 150 feet from the eastern unit boundary, unless an exception is granted by the Director, providing that the wells will be drilled from no more than one well pad within the unit or at legal location on adjacent lands, unless an exception is granted by the Director, and further providing that all horizontal wells shall be drilled in an east-west orientation.
- On April 30, 2018, the Commission entered Order No. 407-2449 which vacated an approximate 1,000-acre drilling and spacing unit for Section 31: N $\frac{1}{2}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ , Section 32: N $\frac{1}{2}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$  and Section 33: NW $\frac{1}{4}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ , Township 1 North, Range 68 West, 6th P.M. by Order No. 407-2209, established an approximate 1,680-acre drilling and spacing unit for the Application Lands, and approved up to 36 wells within the unit for production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations, with the productive interval of any horizontal well to be no closer than 460 feet from the northern, eastern and western boundaries of the unit (regardless of lease lines within the unit), and not less than 150 feet from the southern boundary of the unit (regardless of lease lines within the unit), and not less than 150 feet from the productive interval of another well within the unit, unless an exception is granted by the Director, and providing that the horizontal wells approved under the Order shall be located on no more than two well pads within the unit, or on adjacent lands, subject to Rule 318A, unless the Director grants an exception.

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

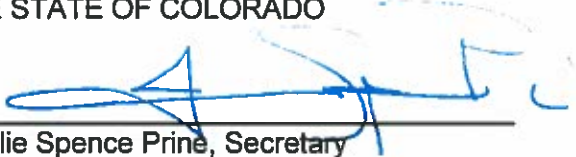
Additional information about the hearing on this Application will be in the Commission's Agenda, which is posted on the Commission website approximately three days before the hearing.

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

  
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Julie Spence Prine, Secretary

Dated: November 7, 2018

Colorado Oil and Gas Conservation Commission  
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