

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

IN THE MATTER OF THE PROMULGATION AND) CAUSE NO. 535 and 407
ESTABLISHMENT OF FIELD RULES TO GOVERN)
OPERATIONS FOR THE NIOBRARA, FORT HAYS,) DOCKET NO. 190100022
CODELL, AND CARLILE FORMATIONS,)
WATTENBERG AND UNNAMED FIELDS, WELD) TYPE: SPACING
COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

APPLICATION LANDS

Township 8 North, Range 62 West, 6th P.M.
Section 35: S½

Township 7 North, Range 62 West, 6th P.M.
Section 2: All

APPLICATION

On November 20, 2018 (Amended on December 20, 2018), Mallard Exploration, LLC (Operator No. 10670) ("Mallard" or "Applicant"), filed a verified application pursuant to §34-60-116, C.R.S. for an order to:

- 1) Vacate an approximate 640-acre drilling and spacing unit established by Order No. 535-8 for Sections 26 and 35, Township 8 North, Range 62 West, 6th P.M., for the production of oil, gas and associated hydrocarbons from the Niobrara Formation;
- 2) Vacate Order No. 535-136, which pooled all interests within the 1280-acre drilling and spacing unit, for the development and operation of the Niobrara Formation;
- 3) Vacate Order No. 535-490, which approved up to 16 horizontal wells within the 1280-acre unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation;
- 4) Vacate Order No. 535-503 which pooled all interests within the 1280-acre drilling and spacing unit, for the Cass 26-1H well, for the development and operation of the Niobrara Formation;
- 5) Establish an approximate 960-acre drilling and spacing unit for S½ of Section 35, Township 8 North, Range 62 West, 6th P.M. and all of Section 2, Township 7 North, Range 62 West, 6th P.M., and to approve up to 15 new wells in the proposed approximate 960-acre drilling and spacing unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations;
- 6) Provide that the productive interval of each proposed horizontal well shall be no closer than 600 feet from the boundaries of the proposed unit, unless an exception is granted by the Director, and no closer than 150 feet from the productive interval of any other wellbore within

the unit producing from any other wellbore in the unit, unless an exception is granted by the Director and approve up to two new well pads within the unit, or adjacent thereto, to be shared with the unit proposed to the north, unless an exception is granted by the Director; and

7) Find that the approximate 960-acre drilling and spacing unit for the development of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations underlying the Application Lands will prevent waste, protect correlative rights, and maximize the efficient and economic production of the Niobrara, Fort Hays, Codell and Carlile Formations in S½ of Section 35, Township 8 North, Range 62 West, 6th P.M. and all of Section 2, Township 7 North, Range 62 West, 6th P.M.

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, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. Section 2, Township 7 North, Range 62 West, 6th P.M. is subject to this Rule for the Niobrara and Codell Formations.
- On April 4, 2011, the Commission entered Order No. 535-8 which established an approximate 1,280-acre drilling and spacing unit for Sections 26 and 35, Township 8 North, Range 62 West, 6th P.M., and approved one horizontal well within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.
- On January 23, 2012, the Commission entered Order No. 535-136 which pooled all interests within the approximate 1,280-acre unit. Sections 26 and 35, Township 8 North, Range 62 West, 6th P.M. are subject to this Order for the Niobrara Formation.
- On June 17, 2014, the Commission entered Order No. 535-490 which approved an additional 15 wells, for a total of up to 16 horizontal wells, within an approximate 1,280-acre drilling and spacing unit established by Order No. 535-8 for Sections 26 and 35, Township 8 North, Range 62 West, 6th P.M., for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.
- On October 31, 2011, the Commission entered Order No. 407-501, which among other things, established twelve approximate 640-acre drilling and spacing units and authorized one horizontal well within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be no closer than 600 feet from the unit boundaries. Section 2, Township 7 North, Range 62 West, 6th P.M. is subject to this Order for the Niobrara Formation.
- On June 17, 2014, the Commission entered Order No. 535-503 which pooled all interests within an approximate 1,280-acre drilling and spacing unit established for Sections 26 and 35, Township 8 North, Range 62 West, 6th P.M., and to subject any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S. for the drilling of the Cass 26-1H Well, for the development and operation of the Niobrara Formation.
- On July 9, 2012, the Commission entered Order No. 407-661 which authorized up to four horizontal wells within an established 640-acre drilling and spacing unit for Section 2, Township 7 North, Range 62 West, 6th P.M., for the production of oil, gas and

associated hydrocarbons from the Niobrara Formation.

- On July 9, 2012, the Commission entered Order No. 407-662 which established five approximate 640-acre drilling and spacing units, including an approximate 640-acre drilling and spacing unit for Section 2, Township 7 North, Range 62 West, 6th P.M., and authorize up to four horizontal wells within each unit, 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: January 28-29, 2019

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 January 14, 2019.** Please see Commission Rule 509 at: <http://cogcc.state.co.us>, under "Regulation," then select "Rules". Please note that, under Commission Rule 506.c., the deadline for protests and interventions will not be continued even if the hearing is continued beyond the date that is stated above. Protests and interventions must be sent to the Applicant at the below address, and must be sent to the Commission via email to: dnr_hearingapplications@state.co.us. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of January 14, 2019, 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


Mimi C. Larsen, Secretary

Dated: December 21, 2018

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

Attorneys for Applicant:
Jamie L. Jost
Kelsey Wasylenky
Jost Energy Law, P.C.
555 17th Street, Suite 975
Denver, Colorado 80202
Phone: (720) 446-5620
jjost@jostenergylaw.com
kwasylenky@jostenergylaw.com