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June 9, 2014

**VIA HAND DELIVERY & ELECTRONIC MAIL**

COPY

Colorado Oil and Gas Conservation Commission  
ATTN: Director Matthew J. Lepore  
Deputy Director David Kulmann  
Permitting Manager Jane Stanzyck  
Hearings Manager Robert Frick  
1120 Lincoln Street, Suite 810  
Denver, Colorado 80203

RE: Great Western Operating Company, LLC  
Rule 303.i. Request for Expedited Application for Permit to Drill  
DeTienne FD 16-022HC Well – Form 2 and 2A filed on June 6, 2014

Dear Director Lepore, Deputy Director Kulmann, Permitting Manager Stanzyck, and Hearing Manager Frick,

Pursuant to Rule 303.i. of the Colorado Oil and Gas Conservation Commission ("Commission") Rules, Great Western Operating Company, LLC ("Great Western") hereby requests that the DeTienne FD 16-022HC Well (API No. Pending) ("Well") Form 2 and Form 2A submitted to the Commission on June 6, 2014 be issued on an expedited basis due to the circumstances set forth in this written request. The respective Form 2 and Form 2A were submitted to the Commission on June 6, 2014 and requested approval in order to develop and operate the Well, and associated facilities, for the development of the Codell-Niobrara Formation on Section 16: ALL, Township 6 North, Range 67 West, 6<sup>th</sup> P.M., Weld County, Colorado ("Subject Lands"). See Exhibit 1, Form 2 and Form 2A for the DeTienne FC 16-022HC Well and associated facility location.



## **APPLICABLE COMMISSION RULES AND ORDERS**

Rule 303.i. provides that:

The Director may issue a permit at any time in the event that an operator files a sworn statement and demonstrates therein to the Director's satisfaction that:

- (1) The Operator had the right or obligation under the terms of an existing contract to drill a well; and the owner or operator has a leasehold estate or a right to acquire a leasehold estate under said contract which will be terminated unless the operator is permitted to immediately commence the drilling of said well; or
- (2) Due to exigent circumstances (including a recent change in geological interpretation) significant economic hardship to a drilling contractor will result or significant economic hardship to an operator in the form of drilling stand by charges will result.

In the event the Director issues a permit under this rule, the operator shall not be required to meet obligation to Surface Owners, local government designees, the Colorado Department of Public Health and Environment, or Colorado Parks and Wildlife under Rule 305 (except Rules 305.e.(4) and 305.e.(6), for which compliance will still be required)<sup>1</sup> and 306. The Director shall report permits granted in such manner to the Commission at regularly scheduled monthly hearings.

See Commission Rule 303.i. (current as of August 1, 2013).

The Subject Lands are governed by the following Commission Orders:

- Order No. 407-87: On February 19, 1992, the Commission entered Order No. 407-87, which, among other things approves the request to establish spacing for the Niobrara Formation for the certain lands previously spaced for the Codell Formation and to allow the downhole commingling of production from the Codell and Niobrara Formations.

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<sup>1</sup> Please note that Rule 305.e.(4) and Rule 305.e.(6) no longer exist after the adoption of the modified Rule 305 and 306 on February 11, 2013.

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- Order No. 407-741: On January 7, 2013, the Commission entered Order No. 407-741, which, among other things, approved an order to vacate all approximate 80-acre drilling and spacing units established by Order No. 407-87 for Section 16, Township 6 North, Range 67 West, 6th P.M., and to establish an approximate 640-acre drilling and spacing unit consisting of Section 16, Township 6 North, Range 67 West, 6th P.M., and approve up to seven horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.
- Order No. 407-848: On July 29, 2013, the Commission entered Order No. 407-848, which, among other things, approved an order to pool all interests in an approximate 640-acre drilling and spacing unit established for Section 16, Township 6 North, Range 67 West, 6th P.M., for the development and operation of the Codell-Niobrara Formation.

### **GREAT WESTERN'S RULE 303.i. REQUEST**

Great Western's Rule 303.i. request is based on the expiration of a critical oil and gas lease dated June 27, 2011 ("Lease"), with the expiration date of June 26, 2014. Such oil and gas lease is attached hereto as *Exhibit 2*. Lot Holding Investments, LLC ("Lot Holding") is the lessor and Great Western Leasing, LLC is the lessee of the oil and gas lease. Great Western Leasing, LLC, or its successors in interest, and Great Western have contractual arrangements in place whereby Great Western is deemed the operator of the Lease.

Although Great Western is in the process of attempting to obtain an extension of the Lease from Lot Holdings, and other potential interest owners of Lot Holding's interest in the Lease, there is no guarantee that Lot Holdings, or such other owners, will execute an extension of the Lease and, therefore, places Great Western in the immediate position of potentially losing the Lease if the DeTienne FD 16-022HC Well (API No. Pending) Form 2 and Form 2A are not issued to Great Western under Rule 303.i. The Lease covers approximately 270.82 acres, more or less, of the Subject Lands, and would cause Great Western substantial hardship and harm to its development operations on the Subject Lands if the Lease terminates on June 26, 2014.

Great Western has made significant changes in its drilling schedule and development plans in order to schedule a crew to construct and develop the DeTienne wellpad and facility location, and to move a rig on the DeTienne Well location immediately in order to conduct the operations necessary to prevent the termination of the Lease. Great Western has a Surface Use Agreement in place for the DeTienne Well surface location, and has attached the necessary 30-day waivers. See Exhibit 3, Waivers and

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Memorandum of Surface Use Agreement, attached hereto. Great Western's situation falls squarely under Rule 303.i.(1) as Great Western is an Operator that has "the right or obligation under the terms of an existing contract to drill a well; and the owner or operator has a leasehold estate or a right to acquire a leasehold estate under said contract which will be terminated unless the operator is permitted to immediately commence the drilling of said well." See Rule 303.i.(1).

Based on the foregoing, Great Western respectfully requests that this Rule 303.i. request be immediately reviewed, the DeTienne FD 16-022HC Form 2 and Form 2A be placed on an expedited review and approval track with the COGCC permitting group, and the permits issued soon after so that Great Western may develop the wellpad and facility locations set forth in the respective Form 2 and Form 2A at its earliest convenience, especially in light of the June 26, 2014 Lease termination date.

Great Western's sworn statement below, based on the facts and circumstances set forth herein, supports this Rule 303.i. request for expedited approval of the DeTienne FD 16-022HC Well (API No. Pending) Form 2 and Form 2A permits.

Please contact me at 720-362-0875, 720-379-1812, or [jjost@jsenergygroup.com](mailto:jjost@jsenergygroup.com) at your earliest convenience to discuss this matter in greater detail, to request any additional information regarding this request, or to schedule a meeting with Great Western. As you can see from the content of this request, it is imperative that this Rule 303.i. request be subject to immediate review and consideration by the appropriate Commission staff and management.

Thank you for your immediate attention to this Rule 303.i. request, as well as the corresponding expedited Pooling Application for Subject Lands.

Sincerely,

A handwritten signature in blue ink that reads "Jamie L. Jost". The signature is written in a cursive, flowing style.

Jamie L. Jost  
Managing Shareholder, Jost & Shelton Energy  
Group, P.C.

Counsel for Great Western Operating  
Company, LLC

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cc: Great Western Operating Company, LLC – Steve Stacy, Wade Pollard, Callie Fiddles, Elizabeth Lauer

