



SRC ENERGY

August 21, 2018

Ms. Julie Murphy
COGCC Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: SRC Energy's Exception Request to Order 407-2314

Dear Director Murphy,

I – Introduction

On January 29, 2018, the Commission approved SRC Energy's application for a 2,240 acre drilling and spacing unit as Order 407-2314.

SRC submitted, and desires approval of, the Form 2s for 24 Bost Farm wells to be located in the northern portion of the approved drilling and spacing unit.

II – Exception Request

The approved order has the following language under bullet 2 of the "Order" section (page 3):

"The productive interval of the wellbore will be... no closer than 150 feet from the productive interval of any other wellbore producing from the same source of supply within the unit, unless the Director grants an exception."

SRC Energy included this language in the order to be consistent with Rule 317.s, Statewide Fracture Stimulation Setback, which reads:

*"No portion of a proposed wellbore's treated interval shall be located within 150 feet of an existing (producing, shut-in, or temporarily abandoned) or permitted oil and gas wellbore's treated interval **belonging to another operator** without the signed written consent of the operator of the encroached upon wellbore. The*

signed written consent shall be attached to the Application for Permit-to-Drill, Form 2 for the proposed wellbore” (Emphasis added)

SRC Energy intended to include the “belonging to another operator” language from Rule 317.s in their application for this drilling and spacing unit.

Because of this, SRC Energy has three proposed Bost Farm wells that are not in compliance with the approved order because the wells are proposed to be less than 150 feet from each other.

Specifically, the productive interval encroachment issues are:

- The Bost Farm 41N-8C-L (Doc #401555427) and the Bost Farm 41C-8-L (Doc #401555458) wells are 122 feet apart.
- The Bost Farm 1N-8B-L (Doc #401555417) and the Bost Farm 41N-8C-L (Doc #401555427) wells are 142 feet apart.

All three of the wells identified above will be drilled, operated, and owned by SRC Energy.

Because SRC Energy is the owner of all of the encroached upon wells, SRC Energy respectfully requests the Director to grant an exception to Order 407-2314 allowing these 3 Bost Farm wells to be within 150 feet from the productive interval of another wellbore producing from the same source of supply within the unit.

If you have any questions, please contact me at any time.

Sincerely,



Dave Kulmann
Director of Governmental and Regulatory Affairs
SRC Energy