

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) DOCKET NO. 1412-SP-2212
FORMATION, UNNAMED FIELD, ARAPAHOE)
COUNTY, COLORADO) ORDER NO. 535-611

DRAFT REPORT OF THE COMMISSION

The Commission heard this matter on December 15, 2014 at the offices of the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, CO, upon application for an order to establish an approximate 1280-acre drilling and spacing unit for Sections 26 and 27, Township 5 South, Range 64 West, 6th P.M., and approve up to two horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

FINDINGS

The Commission finds as follows:

1. ConocoPhillips Company (Operator No. 19160) ("ConocoPhillips" or "Applicant") is an interested party in the subject matter of the above-referenced hearing.
2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.
3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order pursuant to the Oil and Gas Conservation Act.
4. 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. Sections 26 and 27, Township 5 South, Range 64 West, 6th P.M. are subject to this Rule for the Niobrara Formation.
5. On October 16, 2014, ConocoPhillips, by its attorneys, filed a verified application ("Application") pursuant to §34-60-116 C.R.S. for an order to establish an approximate 1280-acre drilling and spacing unit for the below-described lands ("Application Lands") and to approve up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the productive interval of the wellbore to be located no closer than 460 feet from the unit boundaries, and no closer than 960 feet from the

productive interval of any other wellbore located in the unit, without exception being granted by the Director:

Township 5 South, Range 64 West, 6th P.M.
Section 26: All
Section 27: All

Applicant stated that the proposed wells shall be located on no more than one well pad per quarter quarter section within the drilling and spacing unit.

6. On November 24, 2014, ConocoPhillips, by its attorneys, filed with the Commission a written request to approve the Application based on the merits of the verified Application and the supporting exhibits. Sworn written testimony and exhibits were submitted in support of the Application.

7. Land testimony and exhibits submitted in support of the Application by Julia Browning, Landman for ConocoPhillips, showed that ConocoPhillips holds oil and gas leasehold interests and has a right to drill in the Application Lands.

8. Geologic testimony and exhibits submitted in support of the Application by Zachary S. Mester, Senior Geologist for ConocoPhillips, showed that the Niobrara Formation is present throughout the Application Lands, is approximately 280 to 300 feet thick, and is generally of uniform thickness throughout the Application Lands.

9. Engineering testimony and exhibits submitted in support of the Application by Clint Hutchinson, Lead Reservoir Engineer for ConocoPhillips, showed that the drainage area for analog horizontal Niobrara Formation wells are estimated at 407.3 acres, and an appropriate 1280-acre drilling and spacing unit is therefore not less than the maximum area than can be efficiently, economically and effectively drained by a horizontal well producing oil, gas and associated hydrocarbons from the Niobrara Formation.

10. The above-referenced testimony and exhibits show that granting the Application will allow more efficient reservoir drainage, will prevent waste, will assure a greater ultimate recovery of hydrocarbons, and will not violate correlative rights.

11. ConocoPhillips agreed to be bound by oral order of the Commission.

12. Based on the facts stated in the verified Application, having received no protests, and based on the Hearing Officer review of the Application under Rule 511, the Commission should enter an order to establish an approximate 1280-acre drilling and spacing unit for Sections 26 and 27, Township 5 South, Range 64 West, 6th P.M. and to approve up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

ORDER

IT IS HEREBY ORDERED:

1. An approximate 1280-acre drilling and spacing unit for the below-described lands, is hereby established, and a total of up to two horizontal wells within the unit, is hereby approved, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation:

Township 5 South, Range 64 West, 6th P.M.
Section 26: All
Section 27: All

2. The productive interval of the wellbore will be located no closer than 460 feet from the unit boundaries, and no closer than 960 feet from the productive interval of any other wellbore located in the unit, without exception being granted by the Director.

3. The proposed wells shall be located on no more than four well pads within the drilling and spacing unit.

IT IS FURTHER ORDERED:

1. The provisions contained in the above order shall become effective immediately.

2. The Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

3. Under the State Administrative Procedure Act, the Commission considers this Order to be final agency action for purposes of judicial review within 35 days after the date this Order is mailed by the Commission.

4. An application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 8th day of January, 2015, as of December 15, 2014.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____



Jill Dorancy, Acting Secretary