

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

|  |   |                           |
|--|---|---------------------------|
| IN THE MATTER OF THE PROMULGATION AND  | ) | CAUSE NOS. 1 and 407      |
| ESTABLISHMENT OF FIELD RULES TO GOVERN | ) |                           |
| OPERATIONS IN THE CODELL AND NIOBRARA  | ) | DOCKET NO. 170500189,     |
| FORMATIONS, WATTENBERG FIELD, BOULDER  | ) | 170500190, 170500191, and |
| COUNTY, COLORADO.                      | ) | 170500192                 |
|  | ) |                           |
|  | ) | TYPE: ADMINISTRATIVE      |
|  | ) |                           |
|  | ) | Order No. 1-199; 407-1960 |

STIPULATION FOR VOLUNTARY STANDSTILL

Crestone Peak Resources Operation, LLC ("Crestone"), 8 North LLC, a wholly owned subsidiary of Extraction Oil & Gas, Inc. ("8 North/Extraction"), and Kerr-McGee Oil & Gas Onshore LP ("Kerr-McGee")(collectively referred to as the "Parties"), by and through their respective attorneys, respectfully submit to the Colorado Oil and Gas Conservation Commission ("Commission") this Stipulation for Voluntary Standstill ("Stipulation") to be made an Order of the Commission in the above-captioned dockets.

STIPULATION

Crestone, 8 North/Extraction, and Kerr-McGee hereby stipulate and agree, and request the Commission enter an Order as to the Application Lands in Docket Nos. 170500189, 170500190, 170500191, and 170500192 as follows:

1. Crestone, 8 North/Extraction, and Kerr-McGee stipulate and agree to a voluntary standstill on the filing of any Forms 2 Application for Permit to Drill and Forms 2A Oil and Gas Location Assessments within the Application Lands, such that no party will file Forms 2 and 2A on the Application Lands with the Commission during the agreed upon Standstill Period (the "Standstill"), except as set forth in Paragraph 4 below;
2. The Standstill Period shall run for a period of nine (9) months from May 1, 2017, up to and including February 1, 2018, unless otherwise extended by mutual agreement of the Parties;
3. If Crestone fails to file its Comprehensive Drilling Plan with the Commission within the Standstill Period, the Standstill shall automatically terminate;
4. If Crestone files its Comprehensive Drilling Plan pursuant to Commission Rule 216.d.(4) within the Standstill Period, the parties agree that (1) as to Crestone, Crestone may submit as part of the Comprehensive Drilling Plan Forms 2A Oil and Gas Location Assessments in compliance with Rule 303.b to be reviewed

concurrently with the Comprehensive Drilling Plan at the next scheduled Commission hearing, and (2) as to 8 North/Extraction and Kerr-McGee, the Standstill shall remain in full force and effect during the period of time between the date the Comprehensive Drilling Plan is filed and the hearing at which the Commission considers the merits of the Comprehensive Drilling Plan and enters an Order thereon. Nothing in this paragraph 4 shall prevent 8 North/Extraction or Kerr-McGee from submitting a Form 2A with the Comprehensive Drilling Plan, if such Form 2A is contemplated by Crestone Peak and such party in the Plan;

5. If the Commission has not issued an order on the Comprehensive Drilling Plan at the first scheduled hearing after Crestone files the Comprehensive Drilling Plan or within 90 days after the first scheduled hearing, then the Standstill shall automatically terminate at the expiration of the 90 days, unless the Commission or Commission Hearing Officer continues the matter beyond the 90 days, but in no event shall any party to this stipulation seek such continuance beyond the 90 days without the express mutual consent of all such parties;
6. It is understood and agreed that, pursuant to paragraph 4 above, the parties will not submit any Forms 2 Application for Permit to Drill within the Comprehensive Drilling Plan Application Lands until, at a minimum, the day after the Commission enters an order on the Comprehensive Drilling Plan;
7. Nothing in this stipulation shall preclude or impair 8 North/Extraction's and Kerr-McGee's rights to protest or otherwise object to the merits of the Comprehensive Drilling Plan in Docket No. 170500189 or the merits of the proposed drilling and spacing units in Docket Nos. 170500190, 170500191, and 170500192, once those dockets are noticed for hearing;
8. 8 North/Extraction and Kerr-McGee's protests in Docket Nos. 170500189, 170500190, 170500191, and 170500192 are dismissed;
9. Crestone's request for the Rule 502.b. variance in Docket Nos. 170500189, 170500190, 170500191, and 170500192 is dismissed as moot; and
10. The terms of this Stipulation may be modified in whole or in part with the consent of Crestone, 8 North/Extraction and Kerr-McGee. Should any provision of this Stipulation be modified, the parties shall request that the modification be reported to the Commission by the parties at the next regularly scheduled Commission hearing.
11. The terms of this Stipulation shall be binding on each Parties' successors and assigns.

## ORDER

The Commission, having reviewed the above terms of Stipulation and otherwise being fully advised in the premises, hereby approves the Stipulation and makes the same an Order of the Commission effective, May 1, 2017.

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.

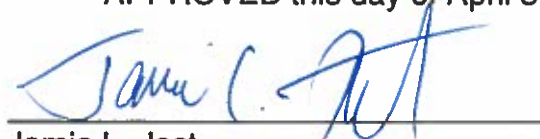
4. An application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 1<sup>ST</sup> day of May, 2017, as of May 1, 2017

OIL AND GAS CONSERVATION  
COMMISSION OF THE STATE OF  
COLORADO

By Peter J. Gowen  
Peter Gowen, Acting Secretary

APPROVED this day of April 30, 2017:



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