

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 407
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS FOR THE NIOBRARA AND CODELL)	DOCKET NO. 200300092
FORMATIONS, WATTENBERG FIELD, WELD)	
COUNTY, COLORADO)	TYPE: POOLING
)	
)	ORDER NO. 407-3180

REPORT OF THE COMMISSION

The Commission heard this matter on December 1, 2020, at the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado, upon application for an order to pool all interests in three approximate 563.87-acre designated horizontal wellbore spacing units established for the below-described lands ("Application Lands"), for the drilling of the Ridge State 38C-16-M Well (API No. 05-123-50855), the Ridge State 23NA Well (formerly the Ridge State 38N-16A-M) (API No. 05-123-50849), and the Ridge State 24N Well (formerly the Ridge State 38N-16C-M) (API No. 05-123-50857) ("Wells"), for the development and operation of the Niobrara and Codell Formations:

Township 5 North, Range 66 West, 6th P.M.

Section 16: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 17: SE $\frac{1}{4}$ SW $\frac{1}{4}$; S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 20: NE $\frac{1}{4}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ NE $\frac{1}{4}$

Section 21: N $\frac{1}{2}$ N $\frac{1}{2}$

Wellbore Spacing Unit ("WSU") No. 1

Ridge State 38C-16-M – Codell Formation

WSU No. 2

Ridge State 23NA – Niobrara Formation

WSU No. 3

Ridge State 24N – Niobrara Formation

FINDINGS

The Commission finds as follows:

1. PDC Energy, Inc. (Operator No. 69175) ("PDC", or "Applicant"), as applicant herein, 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. On April 27, 1998, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule. The Application Lands are subject to this Rule for the Niobrara and Codell Formations.

5. On March 26, 2020, corrected on April 10, 2020, which was at least 90 days before the Commission heard this matter, PDC filed a verified application ("Application") pursuant to § 34-60-116, C.R.S., for an order to pool all interests in certain designated horizontal wellbore spacing units established for the Application Lands, for the development and operation of the Niobrara and Codell Formations, and to subject any nonconsenting interests to the cost recovery provisions of § 34-60-116(7), C.R.S., for the drilling of the Wells.

6. The Applicant filed with the Commission a written request to approve the Application based on the merits of the 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 Matt Saraga, Land Negotiator for PDC, as well as the verified Application, show that in each designated horizontal wellbore spacing unit the Applicant owns, or has secured the consent of the owners of, more than 45% of the mineral interest to be pooled. In addition, the land testimony and exhibits show that there are no unleased mineral interests within the Application Lands and that all owners in the Application Lands received timely notice of the Application.

8. The cost recovery provisions in Rule 530 and §34-60-116(7), C.R.S., do not apply because the Applicant is not seeking to recover costs for the Wells.

9. Granting the Application is consistent with the protection of public health, safety, welfare, the environment, and wildlife resources.

10. PDC agreed to be bound by oral order of the Commission.

11. 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 pool all interests in the designated horizontal wellbore spacing units established for the Application Lands for the drilling of the Wells, for the development and operation of the Niobrara and Codell Formations.

ORDER

IT IS HEREBY ORDERED:

1. Pursuant to the provisions of § 34-60-116, C.R.S., all interests in the designated horizontal wellbore spacing units established for the Application Lands are hereby pooled, for the development and operation of the Niobrara and Codell Formations, effective as the date the Application was filed.

2. The production obtained from each designated horizontal wellbore spacing unit shall be allocated to each owner in the unit on the basis of the proportion that the number of acres in such tract bears to the total number of mineral acres within the designated horizontal wellbore spacing unit; each owner of an interest in the designated horizontal wellbore spacing unit shall be

entitled to receive the owner's share of the production of the Well located on the designated horizontal wellbore spacing unit applicable to owner's interest in the designated horizontal wellbore spacing unit.

3. A nonconsenting owner is immune from liability for costs arising from spills, releases, damage, or injury resulting from oil and gas operations on the designated horizontal wellbore spacing units.

4. The operator shall not use the surface owned by a nonconsenting owner without the nonconsenting owner's permission.

5. Nothing in this order is intended to conflict with § 34-60-116, C.R.S. Any conflict that may arise shall be resolved in favor of the statute.

6. The designated horizontal wellbore spacing units described above shall be considered drilling and spacing units established by the Commission for purposes of Rule 530.a.

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 22nd day of December, 2020, as of December 1, 2020.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By _____
Jeff Robbins, Chair, Colorado Oil and Gas
Conservation Commission