

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

IN THE MATTER OF THE APPLICATION OF)	CAUSE NO. 535
CONOCOPHILLIPS COMPANY, FOR AN ORDER TO)	
ESTABLISH AN APPROXIMATE 1280-ACRE)	DOCKET NO. 1309-SP-1189
EXPLORATORY DRILLING AND SPACING UNIT,)	
AND APPROVE UP TO TWO HORIZONTAL WELLS)	ORDER NO. 535-423
WITHIN THE UNIT FOR SECTIONS 23 AND 24,)	CORRECTED
TOWNSHIP 4 SOUTH, RANGE 65 WEST, 6 TH P.M.)	
FOR THE NIOBRARA FORMATION, UNNAMED)	
FIELD, ARAPAHOE COUNTY, COLORADO)	

REPORT OF THE COMMISSION

The Commission heard this matter on September 16, 2013, at the offices of the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Denver, Colorado, upon application for an order to: 1) vacate two approximate 640-acre drilling and spacing units established by Order No. 535-97 for Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M.; and 2) establish an approximate 1280-acre exploratory drilling and spacing unit and approve up to two horizontal wells within the unit, for the production of oil, gas, and related hydrocarbons of the Niobrara Formation.

FINDINGS

The Commission finds as follows:

1. ConocoPhillips Company ("ConocoPhillips" 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 November 29, 2011, the Commission entered Order No. 535-97 which, among other things, established 25 approximate 640-acre drilling and spacing units and approved up to two horizontal wells within each unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M. are subject to this Order for the Niobrara Formation.
5. On July 18, 2013, ConocoPhillips, by its attorneys, filed with the Commission pursuant to §34-60-116 C.R.S., a verified concurrent application ("Concurrent Application"), Docket No. 1309-UP-200, for an order to pool all interests in an approximate 1280-acre exploratory drilling and spacing unit established for Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M. 1309-UP-200 has been continued to the October 28, 2013 hearing.
6. On July 18, 2013, ConocoPhillips, by its attorneys, filed with the Commission pursuant to §34-60-116 C.R.S., a verified application ("Application") for an order to vacate two

approximate 640-acre drilling and spacing units established by Order No. 535-97 for Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M. and establish an approximate 1280-acre exploratory drilling and spacing unit for the below-described lands ("Application Lands") and approve up to two horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the wellbore to be located no closer than 460 feet from the unit boundaries, and no closer than 960 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director:

Township 4 South, Range 65 West, 6th P.M.

Section 23: All

Section 24: All

The proposed wells shall be located on no more than two wellpads within the drilling and spacing unit.

7. On August 29, 2013, Jason Leeper and Tamara Miller-Leeper ("Leepers" or "Protestant") filed a protest to the Application.

8. On September 5, 2013, ConocoPhillips, by its attorneys, filed a Motion to Dismiss the Leeper's Protest.

9. On September 6, a prehearing conference was held. The Leepers withdrew their Protest to the Application.

10. On September 9, 2013, 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.

11. Land testimony and exhibits submitted in support of the Application by Samuel Hamidi, Landman, Rockies Business Unit, Niobrara Land, for ConocoPhillips, showed the surface of the Application Lands is owned in fee, the mineral ownership of the Application Lands is held in fee, and that ConocoPhillips owns a partial undivided leasehold ownership interest in the Application Lands.

12. Geologic testimony and exhibits submitted in support of the Application by Nathan Rogers, Geologist for ConocoPhillips, showed the Niobrara Formation is present throughout the Application Lands, is approximately 310 feet thick, and is generally of uniform thickness throughout the Application Lands.

13. Engineering testimony and exhibits submitted in support of the Application by Clint Hutchinson, Lead Reservoir Engineer for ConocoPhillips, showed the drainage area of a horizontal well in the Niobrara formation within the Application Lands having a wellbore lateral of greater than 6,000 feet in length is estimated to be no greater than 407.3-acres. Testimony stated a horizontal well with a greater than 6,000 foot lateral producing from the Niobrara formation meets ConocoPhillips' economic requirements for exploratory wells. Testimony showed that the drilling of a long lateral will recover resource within the 920 foot area between the two sections which would otherwise not be recovered with 640-acre spacing and 460-foot setbacks.

14. 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.

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

16. Based on the facts stated in the verified Application, having resolved all protests, and based on the Hearing Officer review of the Application under Rule 511, the Commission should enter an order to: 1) vacate two approximate 640-acre drilling and spacing units established by Order No. 535-97 for Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M.; and 2) establish an approximate 1280-acre exploratory drilling and spacing unit and approve up to two horizontal wells within the unit, for the production of oil, gas, and related hydrocarbons of the Niobrara Formation.

ORDER

IT IS HEREBY ORDERED:

1. Two approximate 640-acre drilling and spacing units established by Order No. 535-97 for Sections 23 and 24, Township 4 South, Range 65 West, 6th P.M., are hereby vacated.

2. An approximate 1280-acre drilling and spacing unit for the below-described lands, is hereby established, and up to ~~four~~ **two** horizontal wells within the unit, are hereby approved, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of the horizontal wellbore to be no closer than 460 feet from the unit boundaries, and no closer than 960 feet from the treated interval of any other wellbore located in the unit, without exception being granted by the Director:

Township 4 South, Range 65 West, 6th P.M.

Section 23: All

Section 24: All

3. The proposed wells shall be located on no more than two wellpads 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 30 days after the date this Order is mailed by the Commission.

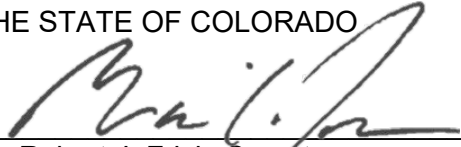
4. An application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 11th day of October, 2013, as of September 16, 2013.

CORRECTED this 13th day of June, 2023, as of September 16, 2013.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By



~~Robert J. Frick, Secretary~~

Mimi C. Larsen, Secretary