

BEFORE THE ENERGY & CARBON MANAGEMENT COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION AND ) CAUSE NOS. 421 & 535  
ESTABLISHMENT OF FIELD RULES TO )  
GOVERN OPERATIONS FOR THE NIOBRARA, ) DOCKET NO. 230900288  
FORT HAYS, CODELL, AND CARLILE )  
FORMATIONS, HEREFORD AND UNNAMED ) TYPE: SPACING  
FIELD, WELD COUNTY, COLORADO )  
) ORDER NOS. 421-181 & 535-1471

REPORT OF THE COMMISSION

The Commission heard this matter on March 13, 2024, at the Colorado Energy and Carbon Management Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado, upon application for an order to: 1) vacate Order No. 421-132; 2) vacate Order No. 421-134 only as to Section 7 in Township 10 North, Range 62 West; 3) vacate Order No. 421-136 only as to Section 9 in Township 10 North, Range 62 West; 4) vacate Order No. 421-137; 5) vacate Order No. 421-138 only as to Section 4 in Township 10 North, Range 62 West; 6) vacate Order No. 421-139 only as to Section 5 in Township 10 North, Range 62 West; and 7) establish an approximate 5,772-acre drilling and spacing unit for the below-described lands (“Application Lands”) and approve a total of 72 new horizontal wells within the unit, for production from the Niobrara, Fort Hays, Codell and Carlile Formations, with the productive interval of any wellbore to be located no closer than 150 feet from the northern and southern boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, no closer than 250 feet from the eastern and western boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, and no closer than 150 feet from the productive interval of any other wellbore located in the same common source of supply, unless authorized by Rule 401.c or Rule 408.u, as applicable:

Township 10 North, Range 62 West, 6th P.M.

Section 4: All: a/d/a Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$   
Section 5: All: a/d/a Lots 1-4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$   
Section 6: All: a/d/a Lots 1-7, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$   
Section 7: All: a/d/a Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$   
Section 8: All  
Section 9: All  
Section 17: All  
Section 20: All

Township 11 North, Range 62 West, 6th P.M.

Section 31: All: a/d/a Lots 1-4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$

FINDINGS

The Commission finds as follows:

1. Prairie Operating Company LLC (Operator No. 10819) (“Prairie” 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. Pursuant to C.R.S. § 34-60-106(2.5)(a), the Commission shall regulate oil and gas operations in a reasonable manner to protect and minimize adverse impacts to public health, safety, and welfare, the environment, and wildlife resources, and shall protect against adverse environmental impacts on any air, water, soil, or biological resource resulting from oil and gas operations.

5. Rule 311.a provides that unless drilling operations commence within 3 years from the effective date of this Order, the Order will be vacated.

6. Rule 401.a. provides that a Well completion 2,500 feet or greater below the surface will be located not less than 600 feet from any lease line and not less than 1,200 feet from any other existing or permitted Well completion in the same common source of supply, unless authorized by order of the Commission or an exception under Rule 401.c is obtained.

7. Prior to the date of this Application, the Commission entered various Orders for the Application Lands for the Niobrara, Fort Hays, Codell and Carlile Formations. These orders are listed below, and Applicant requested that this Commission vacate the below-listed orders in their entirety as they relate to the Application Lands:

a. Section 4, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:

On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6<sup>th</sup> P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6<sup>th</sup> P.M., Townships 11 and 12, Range 64 West, including Section 4 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-138, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 4, Township 10 North, Range 62 West and Section 33, Township 11 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

b. Section 5, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:

On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6<sup>th</sup> P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6<sup>th</sup> P.M., Townships 11 and 12, Range 64 West, including Section 5 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-139, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 5, Township 10 North, Range 62 West and Section 32, Township 11 North, Range 62 West, and up to 16 new

horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- c. Section 6, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6<sup>th</sup> P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6<sup>th</sup> P.M., Townships 11 and 12, Range 64 West, including Section 6 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-132, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 6, Township 10 North, Range 62 West and Section 31, Township 11 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- d. Section 7, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6<sup>th</sup> P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6<sup>th</sup> P.M., Townships 11 and 12, Range 64 West, including Section 7 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-134, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 7, Township 10 North, Range 62 West and Section 18, Township 10 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- e. Section 8, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6<sup>th</sup> P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6<sup>th</sup> P.M., Townships 11 and 12, Range 64 West, including Section 8 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-137, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 8, Township 10 North, Range 62 West and Section 17, Township 10 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- f. Section 9, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, established eighty-three approximate 640-acre drilling

and spacing units consisting of various lands in Township 12 North, Range 61 West, 6th P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6th P.M., Townships 11 and 12, Range 64 West, including Section 9 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-136, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 9, Township 10 North, Range 62 West and Section 16, Township 10 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- g. Section 17, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On June 27, 2011, the Commission approved Order No. 535-28, which, among other things, established fifty-two (52) approximate 640-acre drilling and spacing units for certain lands located in Townships 6, 8, 10, and 11 North, Ranges 59 through 64, 66, and 67 West, 6th P.M., and approve one horizontal well within each unit, for the production of gas and associated hydrocarbons from the Niobrara Formation, including Section 17 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-137, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Section 17, Township 10 North, Range 62 West and Section 20, Township 10 North, Range 62 West, and up to 16 new horizontal wells within the unit for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

- h. Section 20, Township 10 North, Range 62 West, 6<sup>th</sup> P.M.:  
On January 7, 2013, the Commission approved Order No. 535-226, which, among other things, vacated two approximate 640-acre drilling and spacing unit established by Order No. 535-28 for Sections 17 and 20, Township 10 North, Range 62 West, 6th P.M., and established an approximate 1,280-acre stand-up exploratory drilling and spacing unit for Sections 17 and 20, Township 10 North, Range 62 West, 6th P.M., and approve one up to ten wells within the unit, for the production of oil, gas and associated hydrocarbons from the Niobrara Formation.

- i. Section 31, Township 11 North, Range 62 West, 6<sup>th</sup> P.M.:  
On October 21, 2010, the Commission approved Order No. 421-3, which, among other things, **established** eighty-three approximate 640-acre drilling and spacing units consisting of various lands in Township 12 North, Range 61 West, 6th P.M., Townships 10, 11 and 12 North, Ranges 62 and 63 West, 6th P.M., Townships 11 and 12, Range 64 West, including Section 31 of the Application Lands.

On September 17, 2018, the Commission approved Order No. 421-132, which, among other things, approved an approximate 1,280-acre drilling and spacing unit for Sections 6 and 31 of the Application Lands, and up to 16 new horizontal wells within the unit for the production of oil, gas, and

associated hydrocarbons from the Niobrara, Fort Hays, Codell, and Carlile Formations.

The records of the Commission reflect that there are no vertical, directional or horizontal wells located within the Application Lands that are either drilling, producing, shut in or Temporarily Abandoned in the Niobrara, Fort Hays, Codell and Carlile Formations and there are no pending Applications for Permits to Drill on the Application Lands.

8. On September 14, 2023, amended December 6, 2023, and December 19, 2023, Prairie, by its attorneys, filed with the Commission a verified application ("Application") pursuant to C.R.S. § 34-60-116, for an order to: 1) vacate Order No. 421-132; 2) vacate Order No. 421-134 only as to Section 7 in Township 10 North, Range 62 West; 3) vacate Order No. 421-136 only as to Section 9 in Township 10 North, Range 62 West; 4) vacate Order No. 421-137; 5) vacate Order No. 421-138 only as to Section 4 in Township 10 North, Range 62 West; 6) vacate Order No. 421-139 only as to Section 5 in Township 10 North, Range 62 West; and 7) establish an approximate 5,772-acre drilling and spacing unit for the Application Lands and approve a total of 72 new horizontal wells within the unit, for production from the Niobrara, Fort Hays, Codell and Carlile Formations, with the productive interval of any wellbore to be located no closer than 150 feet from the northern and southern boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, no closer than 250 feet from the eastern and western boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, and no closer than 150 feet from the productive interval of any other wellbore located in the same common source of supply, unless authorized by Rule 401.c or Rule 408.u, as applicable.

9. Applicant states that all horizontal wells will be drilled from the Oasis 10N62W9 Pad (Location ID 486296) or the Burnett 11N62W31 Pad (Location ID 486295) located within the Application Lands, unless an exception is granted by the Director. Applicant further states that the wells shall be drilled in a north-south or south-north lateral orientation.

10. Applicant filed with the Commission a written request to approve the Application based on the merits of the verified Application and on 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 Dave Baumbach, Vice-President of Land for Prairie for showed that Prairie holds oil and gas interests and has a right to drill in the Application Lands.

12. Geologic testimony and exhibits submitted in support of the Application by Errol Lawrence, Senior Geologist at Petrotek Engineering, showed that (a) the Niobrara Formation is present and of similar thickness across the Application Lands and maintain characteristics of productive targets and is ubiquitous under the Application Lands with a minimum vertical thickness of 260 to 310 feet; (b) the Fort Hays Formation is present and of similar thickness across the Application Lands and maintain characteristics of productive targets and is ubiquitous under the Application Lands with a minimum vertical thickness of 30 to 46 feet; (c) the Codell Formation is present and of similar thickness across the Application Lands and maintain characteristics of productive targets and is ubiquitous under the Application Lands with a minimum vertical thickness of 8 to 12 feet; and (d) the Carlile Formation is present and of similar thickness across the Application Lands and maintain characteristics of productive targets and is ubiquitous under the Application Lands with a minimum vertical thickness of 30 to 36 feet.

13. Engineering testimony and exhibits submitted in support of the Application by Jim Klutho, Senior Engineer at Petrotek Engineering, showed that the normalized drainage area for a: (a) 3-mile Niobrara well is 70 acres, and the estimated most likely drainage radius for the requested Niobrara wells within the Application Lands is 19 feet; a 2-mile Niobrara well is 46.6 acres, and the estimated most likely drainage radius for the requested Niobrara wells within the Application Lands is 19 feet; (c) 3-mile Codell well is 105 acres, and the estimated most likely drainage radius for the requested Niobrara wells within the Application Lands is 68 feet; and (d) 2-mile Codell well is 69.4 acres, and the estimated most likely drainage radius for the requested Niobrara wells within the Application Lands is 68 feet. These estimates are within a reasonable expected range, and support for the proposed well development on the Application lands.

14. Applicant plans to drill 12 Niobrara wells from the proposed Burnett 11N62W31 Pad (Location ID 486295), with a 15,540-foot lateral length, which totals 840 acres. Applicant also plans to drill 36 Niobrara wells from the proposed Oasis 10N62W9 Pad (Location ID 486296), with a 10,260-foot lateral length, which totals 1,677 acres. Based on these estimated drainage areas for each proposed well, the total drainage area for the Niobrara wells in the Genesis OGDG totals 2,517 acres, which is less than the 5,772-acre Genesis OGDG.

15. Applicant further plans to drill 6 Codell/Fort Hays/Carlile wells from the proposed Burnett 11N62W31 Pad (Location ID 486295), with a 15,540-foot lateral length, which totals 630 acres. Applicant also plans to drill 18 Codell/Fort Hays/Carlile wells from the proposed Oasis 10N62W9 Pad (Location ID 486296), with a 10,260-foot lateral length, which totals 1,249.2 acres. Based on these estimated drainage areas for each proposed well, the total drainage area for the Niobrara wells in the Genesis OGDG totals 1,879.2 acres, which is less than the 5,772-acre Genesis OGDG.

16. The engineering testimony also showed that the development of the Genesis OGDG will be economic.

17. The land testimony further showed that Weld County is the Relevant Local Government with siting authority. Land testimony further showed that Prairie has obtained an approved WOGLA from the Weld County for the siting and the related surface disturbance for the two pads. The testimony further demonstrated that in developing the Application Lands, Prairie's operations will reasonably protect and minimize adverse impacts to public health, safety, and welfare, the environment, and wildlife resources and will reasonably protect against adverse environmental impacts on any air, water, soil, or biological resources.

18. The above-referenced testimony and exhibits show that granting the Application will regulate oil and gas operations in a reasonable manner to protect and minimize adverse impacts to public health, safety, and welfare, the environment, and wildlife resources and will protect against adverse environmental impacts on any air, water, soil, or biological resource resulting from oil and gas operations.

19. The above-referenced testimony and exhibits further 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.

20. Prairie agreed to be bound by oral order of the Commission.

21. Based on the facts stated in the verified Application, no petitions having been filed, and based on the Hearing Officer review of the Application under Rule 505, the Commission should enter an order to: 1) vacate Order No. 421-132; 2) vacate Order No. 421-134 only as to Section 7 in Township 10 North, Range 62 West; 3) vacate Order No. 421-136 only as to Section 9 in Township 10 North, Range 62 West; 4) vacate Order No. 421-137; 5) vacate Order No. 421-138 only as to Section 4 in Township 10 North, Range 62 West; 6) vacate Order No. 421-139 only as to Section 5 in Township 10 North, Range 62 West; and 7) establish an approximate 5,772-acre drilling and spacing unit for the Application Lands and approve a total of 72 new horizontal wells within the unit, for production from the Niobrara, Fort Hays, Codell and Carlile Formations, with the productive interval of any wellbore to be located no closer than 150 feet from the northern and southern boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, no closer than 250 feet from the eastern and western boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, and no closer than 150 feet from the productive interval of any other wellbore located in the same common source of supply, unless authorized by Rule 401.c or Rule 408.u, as applicable.

### ORDER

IT IS HEREBY ORDERED:

1. Order No. 421-132 is hereby vacated.
2. Order No. 421-134 is hereby vacated only as to Section 7 in Township 10 North, Range 62 West.
3. Order No. 421-136 is hereby vacated only as to Section 9 in Township 10 North, Range 62 West.
4. Order No. 421-137 is hereby vacated.
5. Order No. 421-138 is hereby vacated only as to Section 4 in Township 10 North, Range 62 West.
6. Order No. 421-139 is hereby vacated only as to Section 5 in Township 10 North, Range 62 West.
7. An approximate 5,722-acre drilling and spacing unit for the Application Lands is hereby established, and up to 72 horizontal wells are approved within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara, Fort Hays, Codell and Carlile Formations.
8. The productive interval of any wellbore to be located no closer than 150 feet from the northern and southern boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, no closer than 250 feet from the eastern and western boundaries of the unit for the Niobrara, Fort Hays, Codell and Carlile Formations, and no closer than 150 feet from the productive interval of any other wellbore located in the same common source of supply, unless authorized by Rule 401.c or Rule 408.u, as applicable.
9. The proposed wells shall be located on the Oasis 10N62W9 Pad (Location ID 486296) and the Burnett 11N62W31 Pad (Location ID 486295) located within the Application Lands.

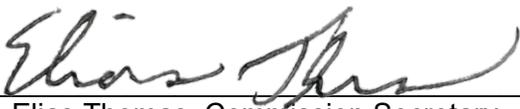
10. No oil and gas operations may be conducted in the Application Lands without an approved Form 2A, Oil and Gas Location Assessment permit(s) (Form 2A) and approved Form 2, Applications for Permits to Drill (Form 2). On March 13, 2024, the Commission entered Order Nos. 421-180 and 535-1470, that the Oasis 10N62W9 Oil and Gas Location and the Burnett 11N62W31 Oil and Gas Location satisfy C.R.S. § 34-60-106(2.5)(a). The Commission's approval of this drilling and spacing unit does not equate to approval of any proposed Form 2A for an Oil and Gas Location or Form 2.

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 8<sup>th</sup> day of April, 2024, as of March 13, 2024.

ENERGY AND CARBON MANAGEMENT COMMISSION  
OF THE STATE OF COLORADO

By   
Elias Thomas, Commission Secretary