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

IN THE MATTER OF THE APPLICATION OF NOBLE ENERGY, INC. FOR AN ORDER VACATING ORDER NO. 535-3, IN PART, VACATING ORDER NO. 535-69, IN PART, VACATING ORDER NO. 535-126, AND ESTABLISHING AN APPROXIMATE 3200 UNCONVENTIONAL ACRE RESOURCE UNIT IN SECTIONS 1, 2, 11 AND 12, TOWNSHIP 9 NORTH, RANGE 58 WEST, AND SECTION 36, TOWNSHIP 10 NORTH, RANGE 58 WEST, 6TH P.M., WITH 300 **FOOT** SETBACKS FOR SUCH UNCONVENTIONAL RESOURCE UNIT IN AN UNNAMED FIELD, CODELL-NIOBRARA FORMATION, WELD COUNTY, COLORADO

CAUSE NO	
DOCKET NO	

APPLICATION

Noble Energy, Inc. ("Applicant"), by and through its attorneys, Jost & Shelton Energy Group, P.C., respectfully submits this Application to the Colorado Oil and Gas Conservation Commission ("Commission") for an order vacating Order No. 535-3, in part, vacating Order No. 535-69, in part, vacating Order No. 535-126, and establishing a 3,200 acre unconventional resource unit ("URU"), with 300 foot setbacks from the unit boundary, for the production of oil, gas, and associated hydrocarbons from the Codell-Niobrara Formation covering certain described lands in Weld County, Colorado and in support of its Application, Applicant states and alleges as follows:

General Information

- 1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.
- 2. Applicant holds a majority of the leasehold interests in the lands described below (hereafter the "Application Lands"):

Township 9 North, Range 58 West, 6th P.M.

Section 1: ALL

Section 2: ALL

Section 11: ALL

Section 12: ALL

Township 10 North, Range 58 West, 6th P.M.

Section 36: ALL

3,200 acres, more or less, Weld County, Colorado.

A reference map of the Application Lands is attached hereto.

3. The Codell-Niobrara Formation in this area is defined as the stratigraphic equivalent of the interval between 5,587 feet and 5,921 feet as found in the Rohn PC LD09-01 Well located in the NE/4NE/4 of Section 9, Township 9 North, Range 58 West, 6th P.M., Weld County, Colorado. The Codell-Niobrara Formation should be considered a common source of supply underlying the Application Lands because there is no significant stratigraphic barrier between the formations and could be completed as a single completion.

Existing Commission Orders

- 4. Order No. 535-3, entered by the Commission on February 22, 2011, established 640 acre drilling and spacing units for Sections 2, 11, and 12 of the Application Lands, allowed one (1) horizontal well in each unit for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, and approved the surface location for any permitted horizontal well to be located anywhere in the drilling and spacing unit with the initial perforation and ultimate bottomhole to be located no closer than 600 feet from the unit boundary without exception being granted by the Director.
- 5. Order No. 535-69, entered by the Commission on September 19, 2011, established 640 acre drilling and spacing unit for Section 1, allowed two (2) horizontal wells in the unit for the production of oil, gas and associated hydrocarbons from the Niobrara Formation, and approved the surface location for any permitted horizontal well to be located anywhere in the drilling and spacing unit with the initial perforation and ultimate bottomhole to be located no closer than 600 feet from the unit boundary without exception being granted by the Director.
- 6. Order No. 535-126, entered by the Commission on January 23, 2012, established a 640 acre drilling and spacing unit for Section 36 of the Application Lands, allowed one (1) or more horizontal wells and one (1) or more vertical wells for the production of oil, gas and associated hydrocarbons from the Codell and Niobrara formations, approved the treated interval of any permitted well to be drilled no closer than 600 feet from the boundaries of said unit and not less than 150 feet from another well or treated interval of a well, and required that any wells be drilled from no more than four (4) well pads per quarter section, with wells on each pad to be drilled within 50 feet of an adjacent well.

<u>Treatment of Existing Commission Orders</u>

7. Applicant requests that the Commission vacate Order No. 535-3 only as it applies to Sections 2, 11 and 12 of the Application Lands and apply the unit method set forth below.

- 8. Applicant requests that the Commission vacate Order No. 535-69 only as it applies to Section 1 of the Application Lands and apply the unit method set forth below.
- 9. Applicant requests that the Commission vacate Order No. 535-126 as it applies to Section 36 of the Application Lands and apply the unit method set forth below.

Request for 3,200 acre Unit

- 10. To promote efficient drainage within the Codell-Niobrara Formation of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish a unit of approximately 3,200 acres for the Application Lands.
- 11. That the above-proposed unit will allow efficient drainage of the Codell-Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. The unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the proposed well(s) in the unit.
- 12. That the Applicant is requesting to drill and complete the appropriate number of wells in order to efficiently and economically recover the oil, gas and associated hydrocarbons from the proposed unit. The proposed unit will be governed by a unit agreement and unit operating agreement that Applicant will present to the working interest owners within the unit.
- 13. The Applicant states that each proposed horizontal well shall be located on the surface anywhere within the unit, or on adjacent lands, with the equivalent of no more than eight wellpads per section in the Unit, unless an exception is granted by the Director or the surface owner of the lands upon which the well or associated facilities are located requests specific placement of the wellpads.
- 14. The Applicant states that the treated interval of any horizontal well shall be no closer than 300 feet from the boundaries of the 3,200 acre unit and no closer than 150 feet from another horizontal wellbore in the unit unless an exception is granted by the Director. The establishment of such unit will have no adverse effect on the correlative rights of adjacent owners.

<u>Treatment of Wells in Proposed Unit</u>

15. Applicant requests that the Commission exclude any and all existing vertical or directional wells drilled and completed to the Codell-Niobrara Formation (or the Codell or Niobrara Formation individually, as indicated on the applicable Application for Permit to Drill – "APD") from the proposed 3,200 acre unit. Any production from

existing vertical or directional wells drilled and completed to the Codell-Niobrara Formation (or the Codell or Niobrara Formation individually, as indicated on the applicable APD) shall continue to be allocated on the current payment of production basis and such allocation shall not be effected by the approval of this Application.

- 16. Applicant requests that the Commission include any and all existing horizontal wells drilled and completed to the Codell-Niobrara Formation (or the Codell or Niobrara Formation individually, as indicated on the applicable Application for Permit to Drill "APD") from the proposed 3,200 acre unit. Any production from existing horizontal wells drilled and completed to the Codell-Niobrara Formation (or the Codell or Niobrara Formation individually, as indicated on the applicable APD) shall be reallocated on the 3,200 acre unit basis as of the first day of the month following approval by the Commission.
- 17. That the names and addresses of the interested parties (both within the proposed unit and those required to be noticed for the 300' setbacks) according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this <u>May of October, 2013.</u>

Respectfully submitted,

NOBLE ENERGY, INC.

Jamie L. Jost

James P. Parrot

Jost & Shelton Energy Group, P.C.

1675 Larimer Street, Suite 420

Denver, Colorado 80202

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jjost@jsenergygroup.com jparrot@jsenergygroup.com

Applicant's Address:
Noble Energy, Inc.
ATTN: Zach Shearon
1625 Broadway, Suite 2200
Denver, Colorado 80202

VERIFICATION

STATE OF COLORADO)		
) ss. CITY AND COUNTY OF DENVER)		
says that he is Attorney-in-Fact for Noble E Application and that the matters therein coinformation and belief.		regoing
Subscribed and sworn to before this 6 th	ay of October, 2013.	
Witness my hand and official seal.		
PHYLLIS KAJIWARA NOTARY PUBLIC STATE OF COLORADO NOTARY ID # 19984021145 MY COMMISSION EXPIRES OCTOBER 16, 2015		
My commission expires:		
	Munder Kapiwara	

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IN THE MATTER OF THE APPLICATION OF	
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ESTABLISHING AN APPROXIMATE 3200	
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AND SECTION 36, TOWNSHIP 10 NORTH,	
RANGE 58 WEST, 6 TH P.M., WITH 300	
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UNCONVENTIONAL RESOURCE UNIT IN	
AN UNNAMED FIELD, CODELL-NIOBRARA	
FORMATION, WELD COUNTY, COLORADO	

CAUSE NO	
DOCKET NO	

AFFIDAVIT OF MAILING

STATE OF COLORADO)
)ss
CITY AND COUNTY OF DENVER)

Jamie L. Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for Noble Energy, Inc., that on or before October 24, 2013, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

Jamie L. Jost

Subscribed and sworn to before me October 17, 2013.

Witness my hand and official seal.

My commission expires: 07/25/15.

Notary Public

3,200 Acre Unconventional Resource Unit (URU) Noble Energy, Inc. Spacing Application

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Roxanne Klas 936 Hirschi Road Moscow, ID 83483

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Centennial Mineral Holdings, LLC 5950 Cedar Springs Rd., Suite 200 Dallas, TX 75235

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Oil India (USA) Inc. 333 Clay St., Suite 3300 Houston, TX 77002

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