

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

IN THE MATTER OF THE PROMULGATION AND	)	CAUSE NO. 139, 440 & 510
ESTABLISHMENT OF FIELD RULES TO GOVERN	)	
OPERATIONS IN THE GRAND VALLEY FIELD,	)	DOCKET NO. 1406-SP-2073
LOCATED IN GARFIELD COUNTY, COLORADO	)	

**AMENDED APPLICATION**

Caerus Piceance LLC ("Caerus") by and through its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, respectfully submits its **Amended** Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order vacating two orders establishing drilling and spacing units, establishing three drilling and spacing units, and correcting or amending two pooling and cost recovery orders, for the drilling and producing of wells to the Williams Fork and/or Iles Formations of the Mesaverde Group, covering certain lands in Garfield County, Colorado, and in support states:

1. Caerus is a Colorado limited liability company duly organized and authorized to conduct business in the State of Colorado.
2. Caerus owns oil and gas leasehold interests in the Williams Fork and Iles Formations in portions of the following lands in Garfield County, Colorado (the "Application Lands"):

Township 7 South, Range 96 West of the 6th P.M.  
Section 24

3. By Orders 139-116 and 440-67, entered effective June 17, 2013 and corrected January 9, 2014 as of June 17, 2013, the Commission established a 563.1-acre drilling and spacing unit consisting of those portions of said Section 24 located south of the center line of the Colorado River, and approved 10-acre bottomhole density for production of oil, gas and associated hydrocarbons from the Williams Fork Formation.
4. By Order 510-64, entered effective October 28, 2013 and corrected January 9, 2014 as of October 28, 2013, the Commission established a 76.9-acre drilling and spacing unit consisting of those portions of said Section 24 located north of the center line of the Colorado River, and approved 10-acre bottomhole density for production of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations.
5. By Orders 139-117 and 440-69, entered effective July 29, 2013 and corrected January 9, 2014 as of June 17, 2013, all interests in the 563.1-acre drilling and spacing unit established by Orders 139-116 and 440-67 were pooled, and the cost recovery provisions of C.R.S. §34-60-116(7)(b) were imposed on non-consenting owners with respect to production of oil, gas and associated hydrocarbons from the Williams Fork Formation from certain named wells.
6. By Order 139-118, entered effective January 27, 2014, the cost recovery provisions of C.R.S. §34-60-116(7)(b) were imposed on non-consenting owners with respect to production of oil, gas and associated hydrocarbons from the Williams Fork Formation from certain additional named wells in the 563.1-acre unit pooled under Orders 139-117 and 440-69.

7. **At the time of filing the Application** herein, payment had not yet been made with respect to production from the Williams Fork or Iles Formations from any well drilled to the Applications Lands.

8. Because Orders 139-117, 440-69 and 510-64 each authorize 10-acre bottom hole density for production of oil, gas and associated hydrocarbons from the Williams Fork Formation, but the acreage of the established units are not evenly divisible by ten (10). Therefore, these drilling and spacing Orders inadvertently fail to make provision for the drilling of one well which would otherwise be authorized by the established 10-acre density.

9. To promote efficient drainage of the Williams Fork and Iles Formations in the Application Lands, to protect correlative rights, avoid waste, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the formations, the Commission should enter an order to

(a) vacate Orders 139-117, 440-69, 510-64;

(b) establish the following drilling and spacing units in the Application Lands:

- (i) **DSU #1:** Township 7 South, Range 96 West, 6th P.M.  
**Section 24: Lots 1, 5 and 6; and adjacent lands thereto, lying up to the center line of the Colorado River, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$  (excluding Lots 2, 3 and 4, North of the center line of the Colorado River; and the S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  which is DSU #3), consisting of approximately 560-acres**
- (ii) **DSU #2:** Township 7 South, Range 96 West, 6th P.M.  
**Section 24: Lots 2, 3 and 4 (North of the center line of the Colorado River (excluding S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  which is DSU #3), consisting of approximately 70-acres.**
- (ii) **DSU #3** Township 7 South, Range 96 West, 6th P.M.  
**Section 24: S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  consisting of approximately 10-acres.**

(c) correct and/or amend Orders 139-117, 440-69 and 139-118 to apply only to DSU #1 and not to any portion of DSU #3.

10. **The establishment of DSU #3 is to accommodate drilling of the Island Ranch #11D-24 well to be drilled to a bottom hole location approximately 1,200 FNL and 660 FWL of said Section 24.**

11. Applicant asserts that by stipulation between the Applicant and Ursa Operating Company LLC, DSU #3 consists of 6.9-acres north and 3.1-acres south of the center line of the Colorado River.

12. Consistent with the provisions of Orders 139-117, 440-69 and 510-64, Applicant requests that such order allow the drilling and completion of wells on the Application Lands (DSU #1, DSU #2 and DSU #3) on 10-acre density for production of oil, gas and associated

hydrocarbons from the Williams Fork Formation, and that the authorized wells be located downhole anywhere within the Application Lands, but no closer than 100 feet from a lease line or the boundaries of the Units established without exception being granted by the Director of the Oil and Gas Conservation Commission. In cases where the Application Lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10 acre density Williams Fork Formation wells, Caerus further requests that such order provide that the authorized wells be located down hole no closer than 200 feet from the boundaries of the established Units so abutting or cornering such lands, without exception being granted by the Director of the Oil and Gas Conservation Commission.

13. The above-proposed drilling and spacing units will allow efficient drainage of the Williams Fork Formation, prevent waste, not adversely affect correlative rights of any owner, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the reservoir.

14. Consistent with the findings of Orders 139-117, 440-69 and 510-64, drilling and spacing units of the size and shape specified above are not smaller than the maximum area which can be economically and efficiently drained by a single well to the Williams Fork Formation in the proposed unit.

15. The proposed wells can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

16. The names and addresses of interested parties according to the information and belief of Caerus are set forth in the annexed **Exhibit A**. The undersigned certifies that copies of this Verified Application shall be served on each interested party as required by Rule 503.e.

WHEREFORE, Caerus respectfully requests this matter be set for hearing, notice be given as required by law, and upon such hearing this Commission enter its order:

A. Vacating Orders 139-117, 440-69 and 510-64;

B. Establishing the following drilling and spacing units in the Application Lands:

**(i) DSU #1: Township 7 South, Range 96 West, 6th P.M.**

**Section 24: Lots 1, 5 and 6; and adjacent lands thereto, lying up to the center line of the Colorado River, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$  (excluding Lots 2, 3 and 4, North of the center line of the Colorado River; and the S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  which is DSU #3), consisting of approximately 560-acres**

**(ii) DSU #2: Township 7 South, Range 96 West, 6th P.M.**

**Section 24: Lots 2, 3 and 4 (North of the center line of the Colorado River (excluding S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  which is DSU #3), consisting of approximately 70-acres.**

**(ii) DSU #3 Township 7 South, Range 96 West, 6th P.M.**

**Section 24: S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$  consisting of approximately 10-acres.**

C. Providing that the location of the authorized wells drilled to the Williams Fork and/or Iles Formations in said units shall be as requested above.

D. Correcting and/or amending Orders 39-117, 440-69 and 139-118 to apply only to DSU #1 and not to any portion of DSU #3.

**E. Providing an effective date of October 28, 2013, which was the effective date of Order 510-64.**

F. For such other findings and orders, consistent with the requests set forth above, which the Commission may determine to be just and proper.

RESPECTFULLY SUBMITTED this \_\_\_ day of May, 2014.

**LOHF SHAIMAN JACOBS HYMAN & FEIGER PC**

By:\_\_\_\_\_

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Justin Plaskov #45053  
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Denver, Colorado 80246  
(303) 753-9000  
(303) 753-9997 (fax)  
[mmorgan@lohfsheiman.com](mailto:mmorgan@lohfsheiman.com)

Address of Applicant:  
Caerus Piceance LLC  
600 17th Street, Suite 1600 North  
Denver, CO 80202

**EXHIBIT "A"**

**TO AMENDED APPLICATION OF CAERUS PICEANCE LLC**

Township 7 South, Range 96 West, 6th P.M.  
Section 24

**Applicant:** Caerus Piceance LLC  
600 17th Street, Suite 1600 North  
Denver, CO 80202

**Applicant's Attorney:** J. Michael Morgan, Esq.  
Lohf Shaiman Jacobs Hyman & Feiger PC  
950 South Cherry Street, Suite 900  
Denver, CO 80246

**Local Government Designee:** Kirby H. Wynn  
Garfield County  
0375 County Road 352, Bldg 2060  
Rifle, CO 81650-8412

**Other Interested Parties:**

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WPX Energy Rocky Mountain, LLC  
1001 17<sup>th</sup> Street, Suite 1200  
Denver, Colorado 800202

Union Pacific Railroad Company  
1400 Douglas Street, Mail Stop 1690  
Omaha, Nebraska 68179

Puckett Land Company  
5460 South Quebec Street, Suite 250  
Greenwood Village, Colorado 80111

Ivy Energy  
5110 South Yale Avenue  
Tulsa, Oklahoma 74135

Apollo/ATEK Drilling Ventures, LLC  
1557 Ogden Street, Suite 300  
Denver, Colorado 80218

Battlement Mesa Company  
73 Sipprelle Drive  
Parachute, Colorado 81635

Kim Kaal and Jon Holst  
Colorado Division of Wildlife  
6060 Broadway  
Denver, CO 80214

Kent Kuster  
Colorado Department of State  
Health and Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

Zenith Drilling Corporation  
1223 North Rock Road #A200  
Wichita, Kansas 67206

Yates Drilling Company  
730 17<sup>th</sup> Street, Suite 320  
Denver, Colorado 80202

Yates Petroleum Corporation  
105 South 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Ursa Operating Company, LLC  
1050 17<sup>th</sup> Street, Suite 2400  
Denver, Colorado 80265

MYCO Industries, Inc.  
423 West Main Street  
Artesia, New Mexico 88210

ExxonMobil Corporation  
Attn: Paul Keffer  
810 Houston Street  
Fort Worth, Texas 76102

Delbarco, Inc.  
PO Box 781581  
Wichita, Kansas 67278

Texas Eastern Skyline Oil Company  
(a/k/a Spectra Energy)  
Attn: Ginger Funk  
5400 Westheimer Court  
Houston, Texas 77056

4-D Energy, Inc.  
1313 North Webb Road, Suite 200  
Wichita, Kansas 67206

Alarado Resources, Limited Partnership  
215 Union Boulevard, Suite 450  
Lakewood, Colorado 80228

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

IN THE MATTER OF THE PROMULGATION AND  
ESTABLISHMENT OF FIELD RULES TO GOVERN  
OPERATIONS IN THE GRAND VALLEY FIELD,  
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CAUSE NO. 139, 440 & 510

DOCKET NO. 1406-SP-2073

**AFFIDAVIT OF MAILING**

STATE OF COLORADO            )  
  ) ss.  
CITY & COUNTY OF DENVER    )

J. Michael Morgan, of lawful age and being first duly sworn upon his oath, states and declares:

That he is the attorney for Caerus Piceance LLC in the above-captioned matter, and that on **May** \_\_\_\_, 2014, he caused a copy of the attached **Amended** Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on **Exhibit A** to the Application.

\_\_\_\_\_  
J. Michael Morgan

Subscribed and sworn to before me this \_\_\_\_ day of **May**, 2014.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public