

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

IN THE MATTER OF THE APPLICATION OF  
VERDAD OIL & GAS CORPORATION FOR AN  
ORDER TO VACATE PORTIONS OF ORDER  
NO. 407-87 AND ESTABLISH AN  
APPROXIMATE 640-ACRE DRILLING AND  
SPACING UNIT AND APPROVE UP TO  
EIGHT (8) WELLS WITHIN THE 640-ACRE  
DRILLING AND SPACING UNIT FOR THE  
CODELL AND NIOBRARA FORMATIONS IN  
SECTION 26, TOWNSHIP 1 NORTH, RANGE  
65 WEST, 6TH P.M., WATTENBERG FIELD,  
WELD COUNTY, COLORADO

Cause No.

Docket No.

**APPLICATION**

Verdad Oil & Gas Corporation (Operator No. 10485) ("Verdad" or "Applicant"), by and through its attorneys, Jost & Shelton Energy Group, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order to vacate portions of Order No. 407-87 and establish an approximate 640-acre drilling and spacing unit and authorize up to eight (8) horizontal wells in the 640-acre drilling and spacing unit in order to recover the oil, gas and associated hydrocarbons from the Codell and Niobrara Formations underlying the below-described lands. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly organized and authorized to conduct business in the State of Colorado.
2. Applicant owns leasehold interests or holds the right to operate on the following lands (hereafter "Application Lands"):

Township 1 North, Range 65 West, 6<sup>th</sup> P.M.  
Section 26: All

640-acres, more or less, Weld County, Colorado.

3. Rule 318.a. specifies that a well drilled two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line. Rule 318.a. applies to the Application Lands for the Codell and Niobrara Formations underlying the Application Lands.

4. On April 27, 1998, the Commission adopted Rule 318A, which, among other things, allowed, certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all of the Cretaceous Age

Formations from the base of the Dakota Formation to the surface. On December 5, 2005, Rule 318A was amended to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again amended to, among other things, address drilling of horizontal wells but did not prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

5. On February 19, 1992, the Commission entered Order No. 407-87 (amended August 20, 1993) which, among other things, established 80-acre drilling and spacing units for the production of oil, gas and associated hydrocarbons from the Niobrara Formation underlying certain lands, including the Application Lands, with the permitted well locations in accordance with the provisions of Order No. 407-1.

6. The records of the Commission reflect that no wells are currently drilled and completed to the Codell or Niobrara Formation underlying Application Lands.

7. That the Commission vacate Order No. 407-87 only as it applies to the Application Lands for the Codell and Niobrara Formations.

8. To promote efficient drainage within the Codell and Niobrara Formations underlying Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an approximate 640-acre drilling and spacing unit for Application Lands.

9. That the above-proposed drilling and spacing unit will allow efficient drainage of the Codell and Niobrara Formations; 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.

10. That the Applicant is requesting to drill and complete up to eight (8) horizontal wells with the surface locations for the wells to be anywhere within the unit but no more than one (1) surface location per quarter-quarter section within the unit, unless an exception is granted by the Director or as otherwise approved by a surface owner in order to recover the oil, gas and associated hydrocarbons within the 640-acre drilling and spacing unit. There will be no adverse effect on correlative rights of adjacent owners.

11. The Applicant requests that the treated interval of the proposed horizontal wells shall be no closer than 600 feet from the boundaries of the unit (regardless of the lease lines within the unit), and not less than 150 feet from the treated interval of another well within the unit, unless an exception is granted by the Director.

12. The undersigned certifies that copies of this Application will be served on each interested party within seven (7) days of the filing hereof, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that upon such hearing this Commission enter its order:

A. Vacating Order No. 407-87 only as it applies to the Application Lands for the Codell and Niobrara Formations.

B. Establishing an approximate 640-acre drilling and spacing unit for Section 26, Township 1 North, Range 65 West, 6<sup>th</sup> P.M. and allowing up to eight (8) horizontal wells in the unit in order to develop and recover the oil, gas and associated hydrocarbons from of the Codell and Niobrara Formations.

C. Providing that the treated interval any horizontal well shall be no closer than 600 feet from the boundaries of the unit and not less than 150 feet from the treated interval of another well within the unit, and authorizing surface locations for the wells to be anywhere within the unit but no more than one (1) surface location per quarter-quarter section, unless an exception is granted by the Director, or as otherwise approved by a surface owner.

D. Finding that an approximate 640-acre drilling and spacing unit for the development of the Codell and Niobrara Formations underlying the Application Lands will prevent waste, protect correlative rights, and allow for the development of the Codell and Niobrara Formations in Section 26, Township 1 North, Range 65 West, 6<sup>th</sup> P.M.

E. For such other findings and orders as the Commission may deem proper or advisable in this matter.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in December 2014, that notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with Applicant's request as set forth above.

DATED October 16<sup>th</sup>, 2014.

Respectfully submitted:

**Verdad Oil & Gas Corporation**

By:



Jamie L. Jost

Joseph M. Evers

Jost & Shelton Energy Group, P.C.

Attorneys for Applicant

1675 Larimer St., Suite 420

Denver, Colorado 80202

(720) 379-1812

[jjost@jsenergygroup.com](mailto:jjost@jsenergygroup.com)

[jevers@jsenergygroup.com](mailto:jevers@jsenergygroup.com)

Applicant's Address:


Verdad Oil & Gas Corporation


ATTN: Johnny Beecher

5950 Cedar Springs Road, Suite 200

Dallas, TX 75235

STATE OF TEXAS )  
 ) ss.  
CITY AND COUNTY OF DALLAS )

  
Philip W. Davis  
Vice President - Land  
Verdad Oil & Gas Corporation

 **CRISTY THORNTON**  
Notary Public, State of Texas  
My Commission Expires  
**May 23, 2016**

Cristy Thornton  
Notary Public

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WEST, 6TH P.M., WATTENBERG FIELD, WELD  
COUNTY, COLORADO

CAUSE NO.


DOCKET NO.

**AFFIDAVIT OF MAILING**

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

Joseph M. Evers, of lawful age, and being first duly sworn upon her oath, states and declares:

That he is the attorney for Verdad Oil & Gas Corporation, that on or before October 23<sup>rd</sup>, 2014, 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.

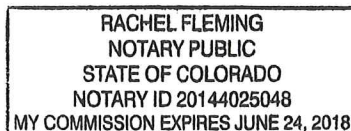
  
\_\_\_\_\_  
Joseph M. Evers

Subscribed and sworn to before me on October 16, 2014.

Witness my hand and official seal.

My commission expires: June 24, 2018.

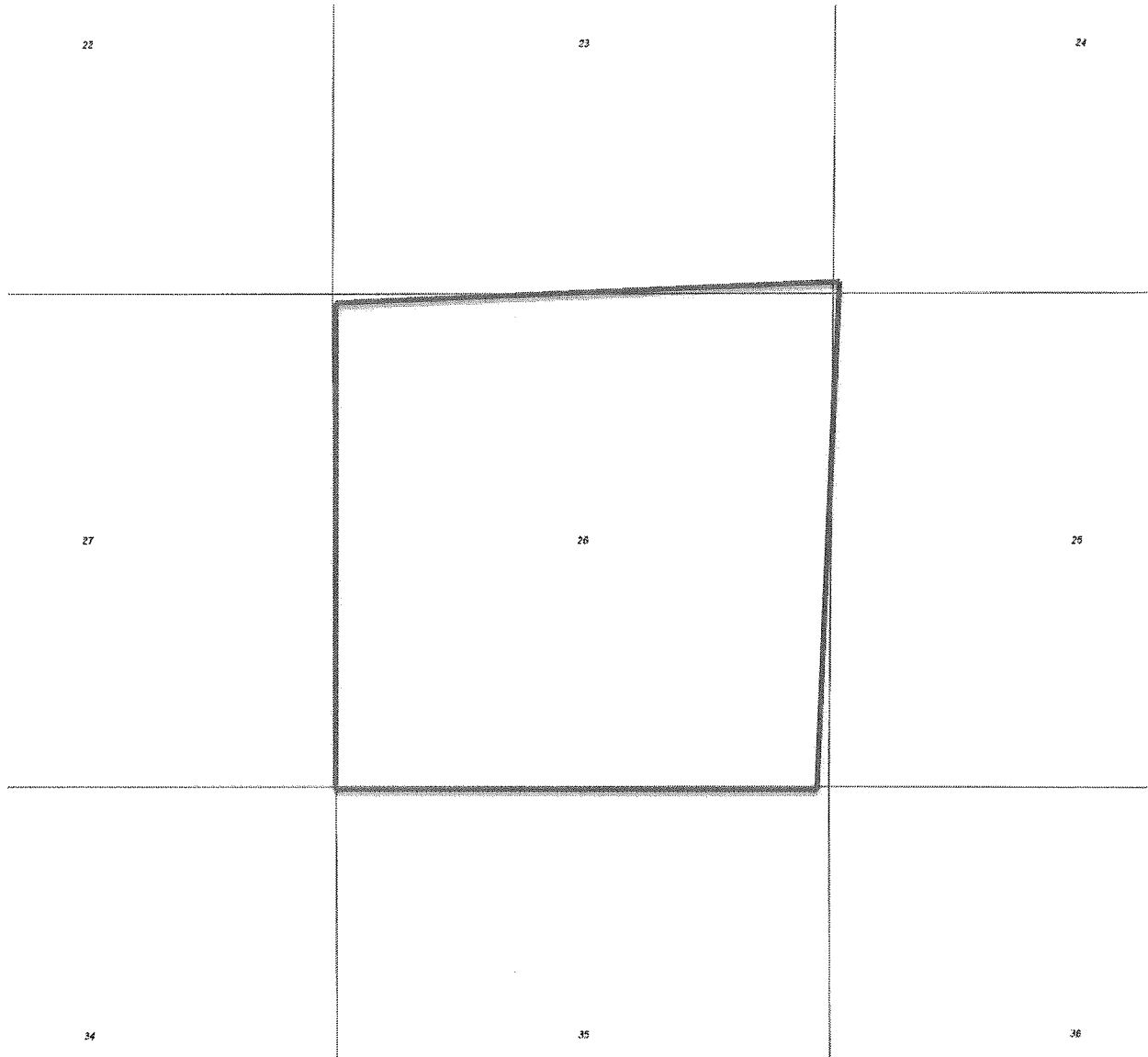
  
\_\_\_\_\_  
Notary Public



Reference Map

Verdad Oil & Gas Corporation

Section 26, Township 1 North, Range 65 West, 6<sup>th</sup> P.M.



\*There is no federally owned minerals within the map.

## Exhibit 1

### Interested Parties List

Verdad Oil & Gas Corporation  
5950 Cedar Springs Road, Suite 200  
Dallas, Texas 75235

OOGC America LLC  
9805 Katy Freeway, Suite 500  
Houston, TX 77024

Kerr-McGee Oil & Gas Onshore LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202

Wildcat Energy LLC  
245 E 54<sup>th</sup> Street  
New York, NY 10022

Anita M. Rossi  
1473 County Road 47  
Hudson, CO 80642

Bill Barrett Corporation  
1099 18<sup>th</sup> St., Ste. 2300  
Denver, CO 80202

Ronald Schlarman  
10701 Tutelo Place  
Glen Allen, VA 23059

Paul Schlarman  
2099 Hartford Dr., Unit 13  
Chico, CA 95928

Nancy Foos  
4489 Town Center Way, #205  
Palm Desert, CA 92260

Ronald Foos  
P.O. Box 1736  
Raymond, Alberta, Canada T0K 2S0

Patricia F. Spain  
237 S. 22<sup>nd</sup> Ave.  
Brighton, CO 80601

Thomas B. Croke, III and Laura L. Croke  
258 South Ulukoa Place  
Lahaina, HI 96761

Bahr Ventures, LLC  
1801 Broadway, Suite 1250  
Denver, CO 80202

Mountain Petroleum Corporation  
1801 Broadway, Suite 1250  
Denver, CO 80202

Blue Grouse Investments  
1801 Broadway, Suite 1250  
Denver, CO 80202

Quality Drilling Fluids Engineering, Inc.  
7754 Ute Highway  
Longmont, CO 80503

Noriko Foreman and Patricia Moser  
141 Westbrook Way  
Eugene, OR 97405

E. Michael Meany  
4719 E. Pinewood Circle  
Centennial, CO 80121

S. Reger Family Mineral Partnership  
Dated 06/09/2006  
1605 Westridge Circle  
Billings, MT 59102

Ryan Family Mineral Partnership Dated  
06/27/2003  
P.O. Box 117  
Billings, MT 59103

Baldrige Family Mineral Partnership  
dated 10/16/2008  
707 Iowa  
Whitefish, MT 59937



Hoefle Royalty Partners  
2812 First Ave. North, Suite 502  
Billings, MT 59101

Richard Merlyn Bell  
20151 Surface Creek Rd.  
Cadaredge, CO 81413

Donald Duane Bell  
2262 Jada Dr.  
Henderson, NV 89044

The Doris E. Durdy, a/k/a Doris E.  
McEvoy Trust dated 11/2/1983  
13207 N. 108<sup>th</sup> Ave.  
Sun City, Arizona 85351

Gecko Enterprises, Inc.  
31299 Manitoba  
Evergreen, CO 80439

Pivot Petroleum, Inc.  
1700 Broadway, Suite 500  
Denver, CO 80290

Castlereagh Investments, Inc.  
P.O. Box 804  
Littleton, CO 80160-0804

Dean R. Gackle and Margaret B. Gackle  
32 Mountain Laurel Drive  
Littleton, CO 80127

Ronald J. Fonseca and Michele J.  
Fonseca  
1973 WCR #47  
Hudson, Colorado 80642

John B. Parker and Shaaron Parker  
Family Trust dated 12/22/1995  
P.O. Box 319  
Keenesburg, CO 80643

Anne Petersen  
P.O. Box 68497  
Oro Valley, AZ 85737

Kay L. Drake  
P.O. Box 747  
Ballinger, TX 76821

Mark W. Meehl  
628 N. 2<sup>nd</sup> St.  
Seward, NE 68434

Sue E. Littlepage  
8017 Langbrook Rd.  
Springfield, VA 22152

Doris McEvoy  
755 S. Alton Way, Apt. #3B  
Denver, CO 80247

Janet B. Fox  
355 30<sup>th</sup> St.  
Boulder, CO 80247

Gerald A. Meehl  
390 Overlook Dr.  
Boulder, CO 80247

Judi Chinn  
371 Sunset Dr.  
Brighton, CO 80601

Carol Nott  
11595 Holly Street  
Northglenn, CO 80233

Robert W. Struck and Marilyn Struck  
6923 East 166<sup>th</sup> Place  
Brighton, CO 80602

The James E. Rowe, Jr. Revocable Trust  
3679 So. Huron Street, Suite 404  
Englewood, CO

James E. Rowe, Jr. and J. C. Drake and  
Associates, Inc., Employees Trust  
2550 E. Alameda Circle  
Denver, CO 80209

Mountain Energy, LLC  
1801 Broadway, Suite 1250  
Denver, CO 80202

RJC Energy, Inc.  
455 Spring Ranch Dr.  
Golden, CO 80401-9739

Ashby Drilling Corporation  
518 17<sup>th</sup> Street, Suite 1030  
Denver, CO 80202

Rival Services, Inc.  
P.O. Box 297  
Fort Morgan, Colorado 80701

John Marcus Sterling  
8122 Southpark Lane, Suite 207  
Littleton, CO 80120

Ben Davis, Glen Davis, and Vicki  
Pavelsek  
22401 Weld County Road 4  
Hudson, CO 80642

The Nancy L. Appelhans Living Trust,  
Dtd. 12/18/2001  
1174 Weld Co. Road 45  
Hudson, CO 80642

The Nicholas Appelhans Living Trust,  
Dtd. 12/18/2001  
1174 Weld Co. Road 45  
Hudson, CO 80642