

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 535
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS FOR THE NIOBRARA, FORT HAYS,)	DOCKET NO. 200400097
CODELL, AND CARLILE FORMATIONS, UNNAMED)	
FIELD, WELD COUNTY, COLORADO)	TYPE: SPACING
)	
)	ORDER NO. 535-1334

REPORT OF THE COMMISSION

The Commission heard this matter on November 10, 2020, at the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado, upon application for an order to: 1) vacate Order No. 535-674; and 2) establish an approximate 1,280-acre drilling and spacing unit for the below-described lands ("Application Lands"), and approve up to 14 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 600 feet from the unit boundaries and no closer than 150 feet from the productive interval of any other wellbore located in the unit, unless the Director grants an exception:

Township 11 North, Range 64 West, 6th P.M.
Section 2: All

Township 12 North, Range 64 West, 6th P.M.
Section 35: All

FINDINGS

The Commission finds as follows:

1. CCRP Operating, Inc. (Operator No. 10665) ("CCRP" 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 § 34-60-106(2.5)(a), C.R.S., 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 318.a of the Rules and Regulations of the Oil and Gas Conservation Commission requires that, on unspaced lands, wells drilled in excess of 2,500 feet in depth be

located not less than 600 feet from any lease line, and located not less than 1,200 feet from any other producible or drilling oil or gas well when drilling to the same common source of supply. The Application Lands are subject to the Rule for the Niobrara, Fort Hays, Codell, and Carlile Formations.

6. On October 27, 2014, the Commission issued Order No. 535-561 which, among other things, established an approximate 1,280-acre drilling and spacing unit for the Application Lands, and authorized the drilling of one horizontal well within the unit, for production of oil, gas and associated hydrocarbons from the Codell Formation.

7. On July 20, 2015, the Commission issued Order No. 535-674 which, among other things: 1) established an approximate 1,280-acre drilling and spacing unit for the Application Lands, and authorized the drilling of seven horizontal wells within said unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, and 2) authorized the drilling of an additional five horizontal wells, for a total of six wells, in the approximate 1,280-acre drilling and spacing unit established by Order No. 535-561, for the Application Lands, for production of oil, gas and associated hydrocarbons from the Codell Formation, with productive intervals of any permitted wellbore located not less than 600 feet from unit boundaries and not closer than 150 feet from the productive interval of any producing Codell or Niobrara Formation well.

8. On May 8, 2020, CCRP, by its attorneys, filed with the Commission a verified application ("Application") pursuant to § 34-60-116, C.R.S., for an order to: 1) vacate Order No. 535-674; and 2) establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approve up to 14 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 600 feet from the unit boundaries and no closer than 150 feet from the productive interval of any other wellbore located in the unit, unless the Director grants an exception.

9. Applicant states that all horizontal wells will be drilled from no more than three multi-well pads on the surface of each drilling unit, or on adjacent lands with consent of the landowner, unless the Director grants an exception.

10. CCRP 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 Larry Lillo, VP of Land for CCRP, show that CCRP 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, Consulting Geologist for CCRP, show that the Niobrara Formation is present throughout the Application Lands, is approximately 270 feet thick, and is generally of uniform thickness throughout the Application Lands. The geologic testimony further showed that the Niobrara Formation consists of chalks and marls and includes the Fort Hays Limestone Formation, which is approximately 15 feet thick. In addition, the geologic testimony showed that the Codell Formation is present throughout the Application Lands, is approximately 19 to 20 feet thick, and is generally of uniform thickness throughout the Application Lands. The geologic testimony further showed that the Codell Formation is a marine sandstone. The geologic testimony also shows that the Carlile Formation is present throughout the Application Lands, is approximately 23 to 25 feet

thick, and is generally of uniform thickness throughout the Application Lands. The geologic testimony also showed that the Carlile Formation is comprised of calcareous mudstone and siltstone. Moreover, the geologic testimony stated that the primary targets are the Niobrara and Codell Formations, and that if a wellbore deviates into the Fort Hays Formation or Carlile Formation, it will not materially impact the drainage calculations or well economics.

13. Engineering testimony and exhibits submitted in support of the Application by Lewis Wandke, Consulting Petroleum Engineer for CCRP, showed that CCRP plans to drill a total of 14 wells, with eight wells in Niobrara Formation, and six wells in the Codell Formation. The engineering testimony also showed that the drainage area for analog horizontal Niobrara Formation wells is estimated at 40 acres, and an approximate 1,280-acre drilling and spacing unit is therefore not less than the maximum area than can be efficiently, economically and effectively drained by eight horizontal wells producing oil, gas and associated hydrocarbons from the Niobrara Formation. The engineering testimony also showed that the drainage area for analog horizontal Codell Formation wells is estimated at 80 acres, and an approximate 1,280-acre drilling and spacing unit is therefore not less than the maximum area than can be efficiently, economically and effectively drained by six horizontal wells producing oil, gas and associated hydrocarbons from the Codell Formation. The engineering testimony showed that horizontal wells drilled in the Niobrara Formation and in the Codell Formation would be economical.

14. Regulatory testimony and exhibits submitted in support of the Application by Larry Lillo, VP of Land for CCRP, show that Weld County is the local governmental agency with siting authority for the Application Lands and that Weld County has waived its right to render a disposition regarding its surface permitting prior to the Commission's approval of the proposed drilling and spacing unit. The regulatory testimony further demonstrates that in developing the Application Lands, CCRP's operations will reasonably 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 resources.

15. 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.

16. 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.

17. CCRP agreed to be bound by oral order of the Commission.

18. Based on the facts stated in the verified Application, no protests having been filed, and based on the Hearing Officer review of the Application under Rule 511, the Commission should enter an order to: 1) vacate Order No. 535-674; and 2) establish an approximate 1,280-acre drilling and spacing unit for the Application Lands, and approve up to 14 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 600 feet from the unit boundaries and no closer than 150 feet from the productive interval of any other wellbore located in the unit, unless the Director grants an exception.

ORDER

IT IS HEREBY ORDERED:

1. Order No. 535-674 is hereby vacated.
2. An approximate 1,280-acre drilling and spacing unit for the Application Lands is hereby established, and a total of up to 14 horizontal wells within the unit, with eight wells being drilled in the Niobrara Formation, and six wells being drilled in the Codell Formation, are approved for production from the Niobrara, Fort Hays, Codell, and Carlile Formations.
3. The productive interval of the wellbore will be located no closer than 600 feet from the unit boundaries and no closer than 150 feet from the productive interval of any other wellbore located in the unit, unless the Director grants an exception.
4. The proposed wells shall be located on no more than three multi-well pads within the drilling and spacing unit, or at a legal location on adjacent lands, unless the Director grants an exception.
5. No oil and gas operations may be conducted in the Application Lands without an approved Oil and Gas Location Assessment permit(s) (Form 2A) and approved Applications for Permits to Drill (Form 2). The determination of whether an oil and gas location satisfies § 34-60-106(2.5)(a), C.R.S. shall be made by Commission permitting staff in the course of its review and determination of the Form 2A. 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 3rd day of December, 2020, as of November 10, 2020.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By 

Jeff Robbins

Chair, Colorado Oil & Gas Conservation Commission