

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

IN THE MATTER OF THE APPLICATION OF CRESTONE PEAK RESOURCES OPERATING LLC FOR AN ORDER TO: (1) ESTABLISH AND ACCEPT A RULE 216 COMPREHENSIVE DRILLING PLAN FOR PORTIONS OF SECTIONS 1, 2, 3, 10, 11 AND 12, TOWNSHIP 1 NORTH, RANGE 69 WEST, 6th P.M. AND PORTIONS OF SECTIONS 25, 26, 27, 34, 35 AND 36, TOWNSHIP 2 NORTH, RANGE 69 WEST, 6th P.M. FOR THE COMPREHENSIVE DEVELOPMENT AND OPERATION OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, BOULDER COUNTY, COLORADO, AND (2) TO APPROVE A RULE 502.b. VARIANCE TO COMMISSION RULE 303.

CAUSE NO. 1

DOCKET NO. 170500189

TYPE: GENERAL
ADMINISTRATIVE

IN THE MATTER OF THE APPLICATION OF CRESTONE PEAK RESOURCES OPERATING LLC FOR AN ORDER TO: (1) ESTABLISH AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT FOR SECTIONS 1 AND 12, TOWNSHIP 1 NORTH, RANGE 69 WEST AND SECTIONS 25 AND 36, TOWNSHIP 2 NORTH, RANGE 69 WEST, 6th P.M. IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN, OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, (2) ALLOW UP TO FIFTY-SIX (56) HORIZONTAL WELLS IN THE 2,560 ACRE DRILLING AND SPACING UNIT IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, (3) TO APPROVE UP TO FIVE (5) OIL AND GAS LOCATIONS (LOCATIONS TO BE DETERMINED) IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED UP TO FOUR (4) WELLPADS WITHIN THE UNIT FOR THE DEVELOPMENT AND OPERATION OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, BOULDER COUNTY, COLORADO.

CAUSE NO. 407

DOCKET NO. 170500190

TYPE: SPACING

IN THE MATTER OF THE APPLICATION OF CRESTONE PEAK RESOURCES OPERATING LLC FOR AN ORDER TO: (1) ESTABLISH AN APPROXIMATE 1,280-ACRE DRILLING AND SPACING UNIT FOR PORTIONS OF SECTIONS 2 AND 11, TOWNSHIP 1 NORTH, RANGE 69 WEST AND PORTIONS OF SECTIONS 26 AND 35, TOWNSHIP 2 NORTH, RANGE 69 WEST, 6TH P.M. IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, (2) ALLOW UP TO TWENTY-EIGHT (28) HORIZONTAL WELLS IN THE 1,280-ACRE DRILLING AND SPACING UNIT IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, AND (3) TO APPROVE UP TO FIVE (5) OIL AND GAS LOCATIONS (LOCATIONS TO BE DETERMINED) IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED UP TO FOUR (4) WELLPADS WITHIN THE UNIT FOR THE DEVELOPMENT AND OPERATION OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, BOULDER COUNTY, COLORADO.

CAUSE NO. 407

DOCKET NO. 170500191

TYPE: SPACING

IN THE MATTER OF THE APPLICATION OF CRESTONE PEAK RESOURCES OPERATING LLC FOR AN ORDER TO: (1) ESTABLISH AN APPROXIMATE 2,560-ACRE DRILLING AND SPACING UNIT FOR PORTIONS OF SECTIONS 2, 3, 10 AND 11, TOWNSHIP 1 NORTH, RANGE 69 WEST AND PORTIONS OF SECTIONS 26, 27, 34 AND 35, TOWNSHIP 2 NORTH, RANGE 69 WEST, 6TH P.M. IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, (2) ALLOW UP TO FIFTY-SIX (56) HORIZONTAL WELLS IN THE 2,560 ACRE DRILLING AND SPACING UNIT IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216

CAUSE NO. 407

DOCKET NO. 170500192

TYPE: SPACING

COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED IN ACCORDANCE WITH C.R.S. § 34-60-116, (3) TO APPROVE UP TO FIVE (5) OIL AND GAS LOCATIONS (LOCATIONS TO BE DETERMINED) IN ACCORDANCE WITH A CORRESPONDING COMMISSION RULE 216 COMPREHENSIVE DRILLING PLAN OR IF SUCH PLAN IS NOT APPROVED UP TO FOUR (4) WELLPADS WITHIN THE UNIT FOR THE DEVELOPMENT AND OPERATION OF THE CODELL AND NIOBRARA FORMATIONS, WATTENBERG FIELD, BOULDER COUNTY, COLORADO.

ORDER GRANTING BOULDER COUNTY'S MOTIONS TO CONTINUE HEARING

This matter is before the Hearing Officer on Motions to Continue Hearing ("Motions") filed by Boulder County in the above captioned cases. After reviewing the Motions and hearing oral argument, the Hearing Officer makes the following findings and order.

FINDINGS

1. On February 22, 2017, Crestone Peak Resources LLC ("Crestone") filed an application in Docket No. 170500189 seeking establishment of a Rule 216 comprehensive drilling plan covering certain lands in Boulder County, Colorado.
2. Also on February 22, 2017, Crestone filed applications in Docket Nos. 170500190, 170500191, and 170500192 seeking to establish drilling and spacing units for the same lands that are involved in the proposed comprehensive drilling plan.
3. All four applications are set for hearing at the Commission's October 29-30, 2018 hearing.
4. On September 25, 2018, Boulder County filed a Motion to Continue Hearing ("Motion") in each of the above captioned cases. The grounds for each of the motions is the same. Boulder County is a surface owner and mineral owner in the area Crestone proposes for the comprehensive drilling plan.
5. The County filed a lawsuit in Boulder County District Court (Case No. 2018CV30924) ("Lawsuit") against the Applicant, Crestone Peak Resources LLC ("Crestone"), on September 25, 2018. The Lawsuit seeks judicial resolution of several lease and easement issues which are outside the Commission's jurisdiction, but which could directly affect Crestone's right to pursue the relief requested by Crestone in the respective applications and the Commission's decision upon those applications.
6. The Motions in each of the cases detail the issues involved in the Lawsuit, but in short the questions before the Boulder County District Court may affect the access or manner in which Crestone may access the proposed surface locations. Those are

important considerations for the Commission's consideration of the comprehensive drilling plan and, thus, the proposed drilling and spacing units.

7. At oral argument, Crestone argued that it had rights to drill in each of the three proposed drilling and spacing units independent of the lease and easement rights at issue in the Lawsuit. However, the drill-pad locations proposed for the drilling and spacing units are the same as those set out in the proposed comprehensive drilling plan.

8. Therefore, the hearings on all four applications should be stayed pending the final court decision in the Lawsuit and any appeals of the decision rendered by the Boulder County District Court.

ORDER

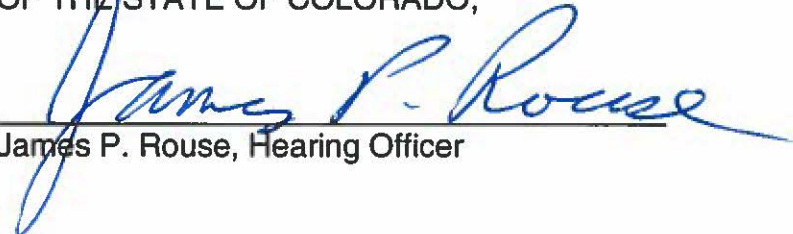
Therefore, it is hereby

ORDERED that Boulder County's Motions to Continue Hearing are GRANTED, and Docket Nos. 170500189, 170500190, 170500191, and 170500192 are continued indefinitely pending the final decision in the Lawsuit and any appeals of the decision rendered by the Boulder County District Court, and it is

FURTHER ORDERED that all deadlines and prehearing conferences set for Docket Nos. 170500189, 170500190, 170500191, and 170500192 are hereby vacated.

Dated: October 4, 2018

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO,


James P. Rouse, Hearing Officer

CERTIFICATE OF SERVICE

On October 4, 2018, a true and correct copy of the foregoing Order Granting Boulder County's Motions to Continue Hearing was sent by electronic mail to the following:

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James P. Rouse, Hearing Officer