

September 15, 2020

Niobrara Update

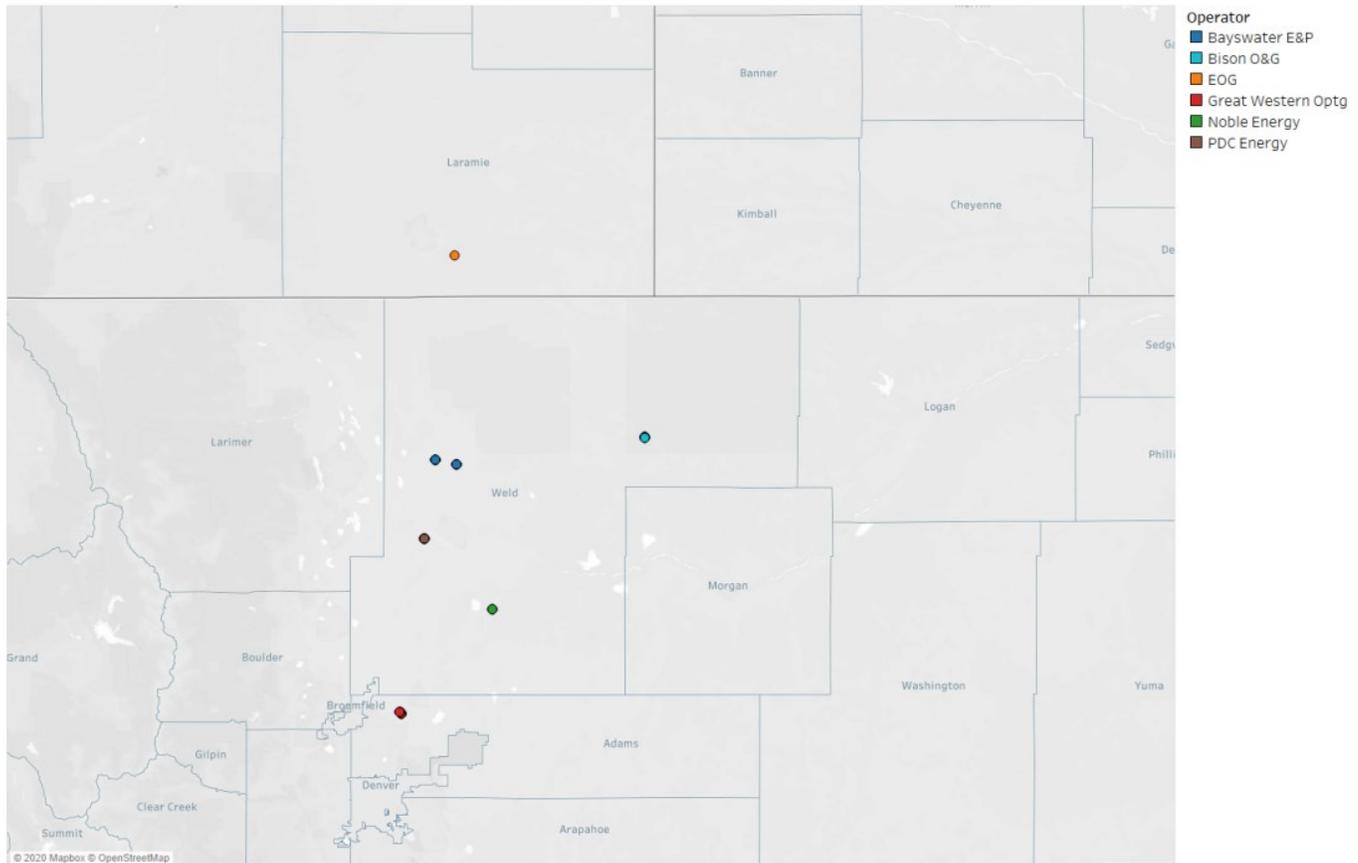
Stratas Advisors

This is an excerpt of our [Niobrara Quarterly Report 2020Q3](#), which is available to members of [Enhanced Shale Service](#).

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The Niobrara/Codell formation in the Denver-Julesburg Basin in Northeast Colorado and Southeast Wyoming has been an active target for horizontal drilling since 2012 with well spud count in each quarter since 2012 above 100, until 2020Q2 where only 32 horizontal wells were spud, compared to 163 in 2020Q1 and 211 in 2019Q2. Since April 1, 2020, only six operators have drilled horizontal wells in Niobrara with PDC Energy and Bayswater E&P leading the spud count at 24 and 16. See the chart below. Please note that all these wells were drilled on drill pads and therefore the dots were overlapped on a larger scale.

Spud_Map



Map based on Lngsh and LatsH. Color shows details about Opstratas. Details are shown for various dimensions. The data is filtered on Datespud, which includes dates on or after 4/1/2020. The view is filtered on Welltra], which keeps H.

Stratas Advisors forecasts the well spud count in the Niobrara to remain low in the rest of 2020 and 2021 due to sustaining pressure in global and domestic oil demand. And with dramatic decline in drilling and completions activity in the Niobrara, annual average oil production output is expected to drop 27% in 2020 and 41% in 2021. See the production forecast charts below.



Gas production output is forecast to decline less than oil production with 3% decline in 2020 and 24% in 2021. This is mainly due to the fact that gas production decline is slower than oil production for an average Niobrara horizontal well.

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