

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400254098

Date Received:

03/01/2012

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL

OIL GAS COALBED OTHER Pilot
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

PluggingBond SuretyID

20030028

3. Name of Operator: SWEPI LP

4. COGCC Operator Number: 78110

5. Address: 4582 S ULSTER ST PKWY #1400

City: DENVER State: CO Zip: 80237

6. Contact Name: Michael L. Bergstrom Phone: (303)222-6347 Fax: (303)222-6258

Email: Michael.Bergstrom@shell.com

7. Well Name: Deal Gulch Well Number: 1-16

8. Unit Name (if appl): Williams Fork Unit Number: COC74956X

9. Proposed Total Measured Depth: 6322

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 16 Twp: 5N Rng: 90W Meridian: 6

Latitude: 40.387986 Longitude: -107.498303

Footage at Surface: 2157 feet FNL 2465 feet FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 7210 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 10/10/2011 PDOP Reading: 1.6 Instrument Operator's Name: B. Hunting

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: 2501 FNL 2734 FEL Bottom Hole: 2700 FSL 2331 FWL
Sec: 16 Twp: 5N Rng: 90W Sec: 16 Twp: 5N Rng: 90W

16. Is location in a high density area? (Rule 603b)? Yes No

17. Distance to the nearest building, public road, above ground utility or railroad: 2270 ft

18. Distance to nearest property line: 2770 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 6800 ft

20. LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
Niobrara Shale	NBRR			

21. Mineral Ownership: Fee State Federal Indian Lease #: 84715

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No

23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

Section 16, T5N, R90W

25. Distance to Nearest Mineral Lease Line: 630 ft

26. Total Acres in Lease: 665

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: Land Farming Land Spreading Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	30	20		0	80	156	80	0
SURF	13+1/2	10+3/4	40.5	0	1,500	719	1,500	0
1ST	9+7/8	7+5/8	29.7	0	5,245	461	5,245	1,250
OPEN HOLE	6+3/4			0	6,315	325	6,315	5,200

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments Two APDs are being submitted for Deal Gulch 1-16; one for the pilot hole and one for the lateral hole. This APD is for the pilot hole. Attachments include a drilling and completion plan. Deal Gulch 1-16 is a part of the Williams Fork Federal Unit COC74956X.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____

Print Name: Michael Bergstrom

Title: Senior Regulatory Advisor

Date: 3/1/2012

Email: Michael.Bergstrom@shell.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 4/13/2012

API NUMBER

05 081 07721 00

Permit Number: _____ Expiration Date: 4/12/2014

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.
- 2) INTERMEDIATE CASING CEMENT TOP VERIFICATION BY CBL REQUIRED.
- 3) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1 MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1 MILE IS 000 FEET DEEP.

Attachment Check List

Att Doc Num	Name
400254098	FORM 2 SUBMITTED
400254105	TOPO MAP
400255678	WELL LOCATION PLAT
400257325	DEVIATED DRILLING PLAN
400257580	DIRECTIONAL DATA

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	T. Kelly, State Land Board, confirmed oper. has satisfied lease stips and has surface bond in order. LGD/pub. comments waived. Final Comprehensive Review Status--passed.	4/13/2012 10:04:33 AM
Permit	State Land Board advised that surface restoration bond in place but needs to confirm lease stips with operator regarding wildlife.	4/6/2012 2:36:17 PM
Permit	Notified Tim Kelly, State Land Board	3/23/2012 11:33:56 AM
Permit	Operator imported directional template. This form has passed completeness.	3/6/2012 6:32:10 AM
Permit	Returned to draft. Missing directional template.	3/2/2012 6:49:24 AM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Material Handling and Spill Prevention	Spill Prevention Control and Countermeasure Plans (SPCC) are in place to address material releases and to prescribe materials handling BMPs for the facility. "Good housekeeping" measures will be taken to ensure proper waste disposal.
Storm Water/Erosion Control	Stormwater Management Plans (SWMP) are in place to comply with both Colorado Department of Public Health and Environment (CDPHE) and Colorado Oil and Gas Conservation Commission (COGCC) stormwater discharge permits. The construction layout for Deal Gulch 1-16 details Best Management Practices (BMPs) to be installed during initial construction. Note that BMPs may be removed, altered, or replaced with changing conditions in the field and the SWMP will be updated accordingly. The BMPs prescribed for the initial construction phase include, but are not limited to: <ul style="list-style-type: none">• Construction diversion ditch• Sediment reservoirs• Check dams• Level spreaders• Stabilized construction entrance• Slash• Sediment trap• Wattle• Terrace• Secondary containment berms• Detention ponds

Total: 2 comment(s)