

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Date Received:

03/21/2012

PluggingBond SuretyID

20120018

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☒ GAS ☐ COALBED ☐ OTHER _____
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refilling ☐Sidetrack ☐3. Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC4. COGCC Operator Number: 89605. Address: P O BOX 21974City: BAKERSFIELD State: CA Zip: 933906. Contact Name: Keith Caplan Phone: (720)440-6100 Fax: (720)279-2331Email: KCaplan@BonanzaCrk.com7. Well Name: Latham Well Number: 14-11-2HZ

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 11065

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 2 Twp: 4N Rng: 63W Meridian: 6Latitude: 40.335790 Longitude: -104.412500

Footage at Surface: 613 feet FNL/FSL 734 feet FEL/FWL FWL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 4539 13. County: WELD

14. GPS Data:

Date of Measurement: 01/24/2012 PDOP Reading: 1.1 Instrument Operator's Name: Wyatt Hall15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 460 FSL 1000 FWL 460 FNL 1000 FWL 460
 Bottom Hole: FNL/FSL 460 FNL 1000 FWL 460
 Sec: 2 Twp: 4N Rng: 63W Sec: 2 Twp: 4N Rng: 63W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 419 ft18. Distance to nearest property line: 614 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 285 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	NBRR	407-538	640	ALL

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. Is the Surface Owner also the Mineral Owner? ☐ Yes ☒ No Surface Surety ID#: 2012001923a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☐ No23b. 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):

T4N-R62W: SEC. 3: NW/4, SEC. 5: ALL, SEC. 7: SW/4 NW/4, W/2 SW/4, SEC. 17: NE/4, N/2 NW/4, SEC. 18: N/2 N/2. T4N-R63W: SEC. 1: ALL, SEC. 2: NE/4, NE/4 SE/4, N/2 NW/4, SEC. 12: NE/4, E/2 NW/4, E/2 SE/4. T5N-R62W: SEC. 3: NW/4 NE/4, SW/4 NE/4, W/2 SE/4, SEC. 15: W/2 E/2, W/2, SEC. 17: ALL, SEC. 18: W/2, SE/4, SEC. 19: E/2, SW/4, S/2 NW/4, NE/4 NW/4, SEC. 20: W/2, SEC. 21: ALL, SEC. 29: ALL, SEC. 31: ALL, SEC. 33: N/2. T5N-R63W: SEC. 24: W/2, SEC. 34: SE/4 NE/4, SE/4, SEC. 35: S/2, SEC. 36: SW/4 SW/4.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 8437

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
SURF	12+1/4	9+5/8	36	0	410	128	410	0
1ST	8+3/4	7+0/0	26	0	6,670	795	6,670	0
1ST LINER	6+1/8	4+1/2	11.6	6670	11,065			

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

33. Comments Conductor Casing will not be used on this well.

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: Keith Caplan

Title: Sr. Ops. Tech

Date: 3/21/2012

Email: KCaplan@BonanzaCrk.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: 5/31/2012

API NUMBER

05 123 35697 00

Permit Number: _____

Expiration Date: 5/30/2014

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.The Operator shall collect water samples, at a minimum, from the two of the nearest water wells both prior to commencement of drilling activities and again after well completion. Samples shall be analyzed for all major cations and anions, total dissolved solids, iron and manganese, nutrients (nitrates, nitrites, selenium), dissolved methane, pH, specific conductance, and benzene, toluene, ethylbenzene, and xylenes ("BTEX"). Sampling shall be performed by qualified individuals using methods consistent with commonly accepted environmental sampling procedures. Field observations such as pH, temperature, specific conductance, odor, water color, sediment, bubbles, and effervescence shall also be included. If free gas or a methane concentration level greater than 1 mg/l is detected in a water quality testing well, gas compositional analysis, and stable isotopes of both the carbon and hydrogen isotopes of methane shall be performed to determine gas type (thermogenic, biogenic or a mixture). Documented compliance with the Colorado Oil and Gas Association (COGA) Voluntary Sampling Program shall be deemed sufficient to satisfy this COA.

Operator must meet water well sampling requirements as per Rule 318A.

- 1)Provide 48 hour notice of MIRU via an electronic Form 42.
- 2)Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 3)Comply with Rule 321. Run and submit Directional Survey from the TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

Att Doc Num	Name
2224889	OTHER
2481502	SURFACE CASING CHECK
400263576	FORM 2 SUBMITTED
400263579	DEVIATED DRILLING PLAN
400263581	PLAT
400263582	DIRECTIONAL DATA

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	This horizontal well comes within 300 feet or less of another planned oil and gas well. Operator has provided the Frac monitoring BMP.	5/31/2012 1:59:14 PM
Enviromental	1. Access Road: The Operator has agreed to plan the access road to accommodate the landowners desire to minimize surface impacts. 2. Timing of Operations: Assuming prompt approval of the APDs, drilling and completion activities should be completed well in advance of the desired termination date of August 30. 3. Visual Mitigation: Given the lack of occupied structures within reasonable proximity to the proposed location, COGCC does not believe additional visual mitigation beyond those required by COGCC Rules is warranted.	5/31/2012 8:24:27 AM
OGLA	Onsite Inspection conducted with Operator, Surface Owner and COGCC 5/21/12. Process completed, see attached correspondence (Doc ID 2224889)	5/31/2012 8:23:49 AM
Permit	Distance to lease line is 0 feet. Horizontal well crosses lease line.	5/21/2012 10:54:30 AM
Permit	ONSITE REQUESTED	4/11/2012 6:51:55 AM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>Best Management Practice for a Horizontal Wellbore Fracturing Stimulation</p> <ol style="list-style-type: none">1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated date stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation.2. The operator will monitor the bradenhead pressure of all wells within 300 feet of the well to be fracture stimulated.3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved. Alternate electronic measurement may be used to record the prescribed pressures. Data shall be kept for a period of one year.4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken.

Total: 1 comment(s)