

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

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Date Received:

06/27/2012

PluggingBond SuretyID

20010124

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

3. Name of Operator: KERR-MCGEE OIL & GAS ONSHORE LP

4. COGCC Operator Number: 47120

5. Address: P O BOX 173779

City: DENVER State: CO Zip: 80217-3779

6. Contact Name: Cheryl Light Phone: (720)929-6461 Fax: (720)929-7461

Email: cheryl.light@anadarko.com

7. Well Name: NICHOLS Well Number: 26C-5HZ

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

9. Proposed Total Measured Depth: 14243

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 8 Twp: 2N Rng: 65W Meridian: 6

Latitude: 40.153739 Longitude: -104.680291

Footage at Surface: 2475 feet FNL 554 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4893 13. County: WELD

14. GPS Data:

Date of Measurement: 03/15/2012 PDOP Reading: 1.8 Instrument Operator's Name: BEN HARDENBERGH

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

Footage at Top of Prod Zone: FNL/FSL _____ FEL/FWL _____ Bottom Hole: FNL/FSL _____ FEL/FWL _____
1985 FNL 339 FEL 460 FNL 339 FEL
Sec: 8 Twp: 2N Rng: 65W Sec: 5 Twp: 2N Rng: 65W

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: 216 ft

18. Distance to nearest property line: 207 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 130 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.)
CODELL	CODL		480	GWA

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

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):
 Please see attached Oil and Gas Lease.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 6045

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	13+1/2	9+5/8	36.0	0	825	620	825	0
1ST	8+3/4	7	26.0	0	7,570	740	7,570	0
1ST LINER	6+1/8	4+1/2	11.6	6563	14,243			

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

33. Comments No conductor casing will be used. Unit Configuration CODL: Sec. 4:W/2W/2; Sec. 5:E/2E/2; Sec. 8:E/2NE/4; Sec. 9:W/2NW/4. Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. KMG is the operator of the encroached upon well(s). The surface location of this well is an exception to Rule 318A.a and to Rule 318A.c. This well is not within the GWA surface location window and does not meet the twinning requirement due to the number of wells planned for this area and at the request of the surface owner. An exception location request letter and signed waivers are attached to the Form 2 and Form 2A./Operator will run open hole logs into the surface casing on the first well drilled on this pad./Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. Noble and KMG are the operators of the encroached upon well(s) Please see attached Compliance Letter.

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: Cheryl Light

Title: Sr. Regulatory Analyst Date: 6/27/2012 Email: DJRegulatory@anadarko.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: 7/27/2012

API NUMBER Permit Number: _____ Expiration Date: 7/26/2014

05 123 35878 00

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) Provide 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 and from 200' below Sussex to 200' above Sussex. Verify coverage with a cement bond log.

Attachment Check List

Att Doc Num	Name
2481714	SURFACE CASING CHECK
400299806	FORM 2 SUBMITTED
400299813	DEVIATED DRILLING PLAN
400299814	PLAT
400299815	TOPO MAP
400299817	30 DAY NOTICE LETTER
400299818	SURFACE AGRMT/SURETY
400299819	OIL & GAS LEASE
400299820	EXCEPTION LOC WAIVERS
400299822	EXCEPTION LOC REQUEST
400299826	VARIANCE REQUEST
400299827	PROPOSED SPACING UNIT
400299828	OTHER
400300072	DIRECTIONAL DATA

Total Attach: 14 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	7/19/2012 2:59:04 PM
Permit	Reviewed and Approved Operator's request for omission of open hole logs.	7/10/2012 11:18:10 AM
Permit	Operator requests approval of a Rule 318Am exception location: Wellhead is to be located less than 150' from an existing wellbore. Request and waivers attached.	7/10/2012 11:10:30 AM
Permit	Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached.	7/10/2012 11:10:22 AM
Permit	Proposed Spacing Unit for CODL: Sec. 4:W/2W/2; Sec. 5:E/2E/2; Sec. 8:E/2NE/4; Sec. 9:W/2NW/4. ok to pass.	7/10/2012 10:43:47 AM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	Kerr McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
Drilling/Completion Operations	<p>“Prior to drilling operations, Operator may perform an anti-collision review of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision review may include MWD or gyro surveys and surface locations of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to COGCC with the Form 5.”</p> <p>At the time of permitting; the operator has identified the following well(s) as being within close proximity of the proposed well:</p> <p>NICHOLS 26C-5HZ: - BM LAND 16-5 - BM LAND 9-5 - B&M 42-5</p>

Total: 2 comment(s)