

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400290547

Date Received:

06/08/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER Lateral
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: Anne Baldrige Phone: (303)305-7555 Fax: (303)222-6358

Email: a.baldrige@shell.com

7. Well Name: Dry Sage Well Number: 1-23

8. Unit Name (if appl): Dry Sage Unit Unit Number: COC75106X

9. Proposed Total Measured Depth: 16500

WELL LOCATION INFORMATION

10. QtrQtr: lot 17 Sec: 23 Twp: 12N Rng: 90W Meridian: 6

Latitude: 40.978047 Longitude: -107.465867

Footage at Surface: 1805 feet FNL/FSL FSL 920 feet FEL/FWL FWL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 6705 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 07/11/2011 PDOP Reading: 1.4 Instrument Operator's Name: B.H. (Uintah Surveying)

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

Footage at Top of Prod Zone: FNL/FSL 168 FSL 116 FWL 116 Bottom Hole: FNL/FSL 2429 FNL 1189 FEL 1189
Sec: 23 Twp: 12N Rng: 90W Sec: 27 Twp: 12N 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: 1954 ft

18. Distance to nearest property line: 920 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 6550 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			

21. Mineral Ownership: Fee State Federal Indian Lease #: COC65170

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 Mineral Lease Map and description.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 5227

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	90	175	90	0
SURF	12+1/4	9+5/8	36	0	2,800	732	2,800	0
1ST	8+1/2	7	29	0	10,000	438	10,000	6,000
1ST LINER	6	4+1/2	13.5	9800	15,553			

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

33. Comments Two APDs are being submitted for this well, one for the pilot hole and one for the lateral hole. This APD is for the lateral hole. Attachments include a Drilling and Completion Plan and a Wellbore Diagram. Shell will isolate area between 10,000 feet and 11,298 feet with cement or packers to ensure that production does not occur until 11,298 feet. Because little is known in this area, final well completion design will be determined once the well is drilled and logged.

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: 6/8/2012 Email: michael.bergstrom@shell.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: 8/9/2012

API NUMBER
05 081 07743 01

Permit Number: _____ Expiration Date: 8/8/2014

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.

COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

Run and submit Directional Survey from TD to kick-off point

The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.

If the 4 1/2" liner is cemented, run a CBL. If external packers are used on the liner to isolate production, report depths set, manufacturer name and model number.

Before placing oil/salt based muds in a pit, operator must file and receive prior approval of a Pit Permit, Form 15. COGCC regulations regarding pit permits can be found in Rule 903.a.(3). PIT PERMITTING/REPORTING REQUIREMENTS

Attachment Check List

Att Doc Num	Name
1533453	SURFACE AGRMT/SURETY
400290547	FORM 2 SUBMITTED
400291279	WELL LOCATION PLAT
400291280	LEASE MAP
400291281	SURFACE AGRMT/SURETY
400291860	DIRECTIONAL DATA
400293441	TOPO MAP
400293879	DEVIATED DRILLING PLAN
400294028	CORRESPONDENCE

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Taken OFF HOLD - SUA attached	8/8/2012 11:20:31 AM
Final Review	ON HOLD - needs SUA document	7/26/2012 3:25:33 PM
Permit	No LGD or public comments. Final Review--passed.	7/16/2012 7:23:01 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Storm Water/Erosion Control	<p>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 this well details Best Management Practices (BMP) 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</p> <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
Wildlife	<ol style="list-style-type: none">1. Where oil and gas activities must occur near active Mule Deer Critical Winter Range, conduct these activities outside the time period from December 1 through April 15.2. Where oil and gas activities must occur within 4 miles of active greater sage-grouse leks or within other mapped greater sage-grouse breeding or summer habitat, conduct these activities outside the time period from March 1 through June 30.3. Restrict post-development well site visitations to between the hours of 9:00 a.m. and 4:00 p.m. from December 1 to June 1 for Mule Deer Critical Winter Range, and greater sage-grouse lekking season.4. Muffle or otherwise control exhaust noise from pump jacks and compressors so that operational noise will not exceed 49 dB measured at 30 feet from the edge of the well pad.5. Reclaim/restore greater sage-grouse habitats with native grasses and forbs conducive to optimal grouse habitat and other wildlife appropriate to the ecological site. Reclamation of production habitat should include a substantially higher percentage of forbs than other areas. CPW agreed to assist the Espys (landowners) with reclamation seed mixes.6. Gate single-purpose roads and restrict general public access to reduce traffic disruptions to wildlife.7. Close and immediately reclaim all roads that are redundant, not used regularly, or have been abandoned to the maximum extent possible to minimize disturbance and habitat fragmentation.8. Install and utilize bear-proof dumpsters and trash receptacles for all food-related trash on location following COGCC Rule 1204 a-1.9. Shell will encourage car pooling to the work site10. Shell will inform and hold accountable employees and contractors of their no pets, no firearms, no trash policies.11. Shell will use a closed loop drilling system with tanks and no pits.
Material Handling and Spill Prevention	<p>Spill Prevention Control & Countermeasure Plans (SPCC) are in place to address material releases and to prescribe materials handling BMPs for the facility. "Good house-keeping" measures will be taken to ensure proper waste disposal.</p>

Total: 3 comment(s)