

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:

400332632

Date Received:

10/23/2012

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

PluggingBond SuretyID

20010124

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: DECHANT Well Number: 15C-1HZ

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

9. Proposed Total Measured Depth: 16689

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 36 Twp: 3N Rng: 65W Meridian: 6
Latitude: 40.188435 Longitude: -104.610819

Footage at Surface: 165 feet FNL 2236 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4808 13. County: WELD

14. GPS Data:

Date of Measurement: 12/14/2011 PDOP Reading: 1.8 Instrument Operator's Name: CHRIS BOUB

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

Footage at Top of Prod Zone: 740 FNL 2009 FEL 460 FSL 2009 FEL
Sec: 36 Twp: 3N Rng: 65W Sec: 1 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: 1815 ft

18. Distance to nearest property line: 165 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 106 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		320	GWA

21. Mineral Ownership: Fee State Federal Indian Lease #: 70-7990

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):

Horizontal wellbore will produce from multiple leases. Township 3 North, Range 65 West, Section 36 - All - Colorado Oil and Gas Lease 70-7990 & other leases. Please see attached Lease Description.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 6261

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	700	520	700	0
1ST	8+3/4	7	26.0	0	7,393	710	7,393	0
1ST LINER	6+1/8	4+1/2	11.6	6393	16,689			

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

33. Comments No conductor casing will be used. Unit Configuration CODELL: Sec. 36:W/2E/2; Sec. 1:W/2E/2. 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. 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.

34. Location ID: 330597

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: 10/23/2012 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: Matthew Lee Director of COGCC Date: 12/16/2012

API NUMBER
05 123 36409 00

Permit Number: _____ Expiration Date: 12/15/2014

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) Provide notice of MIRU via an electronic Form 42.
- 2) Comply with Rule 317.i and provide cement coverage from the 7" casing TD to a minimum of 200' above the Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with a cement bond log.

Per the attached Correspondence (Doc# 2482008), Kerr-McGee agrees to either remediate the Dechant USX X #1-7 (API# 123-08475) or exclude the segment of the proposed wellbore within 500' of this well from hydraulic fracture treatment. If the existing referenced well is remediated, a Form 4 shall be submitted and approved to provide zonal isolation of all formations penetrated. Following the cementing work, a Form 5 shall be submitted and approved to document this remedial cement. For this option an approved Form 5 is required prior to the stimulation of the proposed well. If the proposed wellbore will not be stimulated within 500' of the existing referenced well, operator shall submit a Form 4 Sundry Notice after reaching TD prior to hydraulic fracture treatment. This Sundry Notice shall detail the treatment plan, the specific segment of the borehole to be excluded from the treatment and shall include the directional survey. The Sundry Notice shall be submitted via email to Ryan.Hollinshead@state.co.us at least ten (10) days prior to the proposed hydraulic fracture treatment and must be approved prior to the hydraulic fracture treatment being completed.

Operator must meet water well testing requirements per Rule 318A.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
2482008	CORRESPONDENCE
400332632	FORM 2 SUBMITTED
400332694	DEVIATED DRILLING PLAN
400332695	WELL LOCATION PLAT
400332696	TOPO MAP
400332697	30 DAY NOTICE LETTER
400332698	SURFACE AGRMT/SURETY
400332699	LEGAL/LEASE DESCRIPTION
400332700	EXCEPTION LOC REQUEST
400332701	EXCEPTION LOC WAIVERS
400332703	PROPOSED SPACING UNIT
400332705	OTHER
400334826	DIRECTIONAL DATA
400334827	VARIANCE REQUEST

Total Attach: 14 Files

General Comments

User Group	Comment	Comment Date
Permit	Final Review Completed. No LGD or public comment received.	12/12/2012 11:33:27 AM
Permit	Surface Restoration Bond on file with SLB; per Sherry Lee.	12/3/2012 1:12:14 PM
Permit	ON HOLD: Engineering w/o COA being confirmed regarding the proximity to API# 123-08475.	11/15/2012 10:25:52 AM
Engineer	Evaluated offset wells for adequate cement coverage.	11/8/2012 9:17:18 AM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	11/2/2012 11:04:49 AM
Permit	Changed minerals from fee to state. Added to Mineral Lease description "Township 3 North, Range 65 West, Section 36 - All - Colorado Oil and Gas Lease 70-7990". Changed nearest mineral lease line from 460' to 0' and distance to the nearest well from 181' to 106' per operator. ok to pass.	11/2/2012 10:51:28 AM
Permit	request confirmation of "distance to nearest well". And lease hold.	11/2/2012 9:21:10 AM
Permit	Operator requests approval of a Rule 318Am exception location: Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached.	11/2/2012 9:14:03 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.	11/2/2012 9:14:02 AM
Permit	Operator's request for omission of open hole logs.	11/2/2012 9:14:01 AM
Permit	This form passed completeness.	10/23/2012 3:54:18 PM

Total: 11 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>DECHANT 15C-1HZ: - DECHANT 15-1 - DECHANT 10-1 - DECHANT 15-36 - 01-02 DECHANT X</p>

Total: 2 comment(s)