

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400354940

Date Received:

01/10/2013

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: CANNON Well Number: 16N-3HZ

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

9. Proposed Total Measured Depth: 11779

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 3 Twp: 2N Rng: 66W Meridian: 6

Latitude: 40.173016 Longitude: -104.756902

Footage at Surface: 517 feet FNL 874 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 5022 13. County: WELD

14. GPS Data:

Date of Measurement: 04/13/2012 PDOP Reading: 1.6 Instrument Operator's Name: OWEN McKEE

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
630 FNL 1140 FEL 460 FSL 1140 FEL
Sec: 3 Twp: 2N Rng: 66W Sec: 3 Twp: 2N Rng: 66W

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: 486 ft

18. Distance to nearest property line: 571 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 479 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		320	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):

Horizontal wellbore will produce from multiple leases, please see attached Lease Description.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 5805

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	800	600	800	0
1ST	8+3/4	7	26.0	0	7,589	720	7,589	0
1ST LINER	6+1/8	4+1/2	11.6	6537	11,779			

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

33. Comments No conductor casing will be used. Unit Configuration NBRR: E/2. 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.

34. Location ID: 327393

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: 1/10/2013 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: 2/11/2013

API NUMBER: **05 123 36764 00** Permit Number: _____ Expiration Date: 2/10/2015

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 to a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per 317.o.

Kerr McGee acknowledges the proximity of Nobel's well Cannon Red W #3-4D API# 123-16278 to Kerr McGee's proposed well the Cannon 16C-3HZ (doc #400354743) and Cannon 16N-3HZ (doc# 400354940). Kerr McGee shall undertake necessary mitigation measures to prevent groundwater contamination from the above identified offset wells in the drilling and completion of proposed well. Through review of the APD, should Commission staff identify offset wells that raise reasonable concerns related to any offset well(s)' wellbore integrity's ability to preserve formation isolation, but which are not owned or operated by Kerr McGee, Kerr McGee shall notify and use best efforts to work with the offset well operator(s) for purposes of implementing necessary mitigation measures to minimize risk of groundwater contamination.

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
400354940	FORM 2 SUBMITTED
400354946	DEVIATED DRILLING PLAN
400354947	WELL LOCATION PLAT
400354949	TOPO MAP
400354950	30 DAY NOTICE LETTER
400354951	SURFACE AGRMT/SURETY
400354952	LEGAL/LEASE DESCRIPTION
400354953	EXCEPTION LOC REQUEST
400354954	EXCEPTION LOC WAIVERS
400354955	VARIANCE REQUEST
400354956	OTHER
400367792	PROPOSED SPACING UNIT
400367793	DIRECTIONAL DATA

Total Attach: 13 Files

General Comments

User Group	Comment	Comment Date
Permit	Final Review Completed. No LGD or public comment received.	2/8/2013 3:43:42 PM
Permit	Added location ID #327393 per operator. ok to pass.	2/8/2013 3:43:22 PM
Permit	ON HOLD: w/o form 2A. ok to pass.	2/1/2013 9:22:57 AM
Permit	ON HOLD: w/o reference well. ok to pass.	1/18/2013 1:44:55 PM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	1/18/2013 1:44:54 PM
Permit	Operator's request for omission of open hole logs.	1/18/2013 1:44:25 PM
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.	1/18/2013 1:44:20 PM
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.	1/18/2013 1:44:19 PM
Engineer	Evaluated offset wells for adequate cement coverage.	1/15/2013 3:58:19 PM

Total: 9 comment(s)

BMP

Type	Comment
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>CANNON 16N-3HZ: - UPRR 38 PAN AM G 2</p>

Total: 2 comment(s)