

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:

400367361

Date Received:

01/30/2013

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

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: USA FED Well Number: 02C-36HZ

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

9. Proposed Total Measured Depth: 11964

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 36 Twp: 3N Rng: 66W Meridian: 6

Latitude: 40.176428 Longitude: -104.722801

Footage at Surface: 636 feet FSL 1947 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4995 13. County: WELD

14. GPS Data:

Date of Measurement: 01/13/2012 PDOP Reading: 2.1 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 _____
625 FSL 1480 FEL 460 FNL 1479 FEL
Sec: 36 Twp: 3N Rng: 66W Sec: 36 Twp: 3N 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: 1467 ft

18. Distance to nearest property line: 686 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 100 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 #: _____

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 Lease Description.

25. Distance to Nearest Mineral Lease Line: 430 ft 26. Total Acres in Lease: 632

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	850	380	850	0
1ST	8+3/4	7	26.0	0	7,781	720	7,781	0
1ST LINER	6+1/8	4+1/2	11.6	6716	11,964			

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

33. Comments No conductor casing will be used. Unit Configuration CODL: E/2. Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. Black Diamond Minerals LLC and KMG are the operators of the encroached upon well(s) Please see attached Compliance Letter. Operator will run open hole logs into the surface casing on the first well drilled on this pad.

34. Location ID: 336303

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: 1/30/2013 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: 2/28/2013

API NUMBER

05 123 36887 00

Permit Number: _____ Expiration Date: 2/27/2015

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)Note surface casing setting depth change from 800' to 850'. Increase cement coverage accordingly and cement to surface.
- 2)Provide notice of MIRU via an electronic Form 42.
- 3)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.

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
2482133	SURFACE CASING CHECK
400367361	FORM 2 SUBMITTED
400367365	DEVIATED DRILLING PLAN
400367367	WELL LOCATION PLAT
400367368	30 DAY NOTICE LETTER
400367370	LEGAL/LEASE DESCRIPTION
400367372	PROPOSED SPACING UNIT
400367374	OTHER
400376123	VARIANCE REQUEST
400376125	DIRECTIONAL DATA

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	2/26/2013 3:24:17 PM
Permit	ok to pass.	2/19/2013 11:27:45 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.	2/19/2013 11:27:44 AM
Permit	Operator's request for omission of open hole logs.	2/19/2013 11:27:43 AM
Engineer	Evaluated offset wells for adequate cement coverage.	2/6/2013 10:06:56 AM
Permit	Operator made corrections. Ready to pass completeness.	1/31/2013 12:48:36 PM
Permit	Returned to draft. No signature on o/g lease, no SUA, no bond. Plugging bond number can be removed. Location ID should be 336303	1/31/2013 9:55:08 AM

Total: 7 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: USA FED 02C-36HZ: - USA 24-36 - HSR-Federal 15-36</p>

Total: 2 comment(s)