

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:

400443727

Date Received:

07/05/2013

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

19880020

3. Name of Operator: MARATHON OIL COMPANY4. COGCC Operator Number: 536505. Address: 5555 SAN FELIPE RDCity: HOUSTON State: TX Zip: 770566. Contact Name: Joe Mazotti Phone: (405)728-5228 Fax: ()Email: jjmazotti@marathonoil.com7. Well Name: 697-2C Well Number: 16

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

9. Proposed Total Measured Depth: 9550

WELL LOCATION INFORMATION

10. QtrQtr: SESW Sec: 2 Twp: 6S Rng: 97W Meridian: 6Latitude: 39.545760 Longitude: -108.189960

Footage at Surface: 390 feet FSL 1922 feet FSL
 FEL/FSL FWL

11. Field Name: Grand Valley Field Number: 3129012. Ground Elevation: 8477 13. County: GARFIELD

14. GPS Data:

Date of Measurement: 06/21/2007 PDOP Reading: 2.1 Instrument Operator's Name: William H Dolinar15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 837 FSL 660 FWL 837 FSL 660 FWL
 Bottom Hole: FNL/FSL 837 FSL 660 FWL
 Sec: 2 Twp: 6S Rng: 97W Sec: 2 Twp: 6S Rng: 97W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 2 mi18. Distance to nearest property line: 390 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 637 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.)
WILLIAMS FORK	WMFK	510-18	320	Sec 2: S/2

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

Lease map on file at the COGCC

25. Distance to Nearest Mineral Lease Line: 660 ft

26. Total Acres in Lease: 5325

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: Evaporation/Backfill

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	20	16	42	0	140		140	0
SURF	14+3/4	9+5/8	36	0	2,000	1,000	2,000	0
1ST	8+3/4	4+1/2	11.6	0	9,510	675	9,510	5,500

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

33. Comments No changes from the APD approved on 7/22/2011 Surface owned by: Savage, Koehler, Prather. Minerals owned by: Chevron There are no visible improvements within 400' of wellhead. (1) Pad has been built. (2) Pit has been constructed. (3) Refiled well will not require any expansion/additional surface disturbance of the pad. (4) The location does not require a variance from any of the rules listed in Rule 306.d.(1).(A).(ii).(5) The location is not in a wildlife RSO.

34. Location ID: 335985

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: Joe Mazotti

Title: Sr. Regulatory Compl Rep. Date: 7/5/2013 Email: jjmazotti@marathonoil.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: 8/4/2013

API NUMBER

05 045 16021 00

Permit Number: _____ Expiration Date: 8/3/2015

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

(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS IS REQUIRED.

Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400443727	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed	7/31/2013 10:43:35 AM
LGD	pass, gdb	7/30/2013 4:38:22 PM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 1628 FEET DEEP.	7/12/2013 4:04:17 PM
Permit	Operator corrected well name. This form has passed completeness.	7/10/2013 6:42:44 AM
Permit	Returned to draft: 1) well name incorrect.	7/8/2013 7:06:51 AM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Construction	<p>Marathon has established an evaluation process for operations within the Piceance Basin that addresses wildlife concerns. This listing of Items 1-5 represents our specific actions that are considered avoidance and minimization actions by the CDOW. Marathon has developed these BMPs as part of our Standard Operating Procedures (SOP) to provide operational and wildlife management for the Piceance Basin.</p> <p>1. Riparian Area Protection for Wildlife</p> <ul style="list-style-type: none">Marathon will locate roads as far from riparian areas and bottoms of drainages as possible and outside of riparian habitat. However, Marathon is limited in areas where landowners dictate utilization of existing and location of roads. <p>2. Company Vehicle Guidelines and Traffic Reductions for Wildlife Protection</p> <ul style="list-style-type: none">Marathon has 25 mph limit for all roads (speed limit signs are posted); additionally there is a ban on radio/cell phone driving requirement to enhance driving awareness. Carpooling for major projects are encouraged for all Marathon contractors to reduce traffic; carpooling is used for major projects. Additionally, Marathon maintains a Temporary Living camp, which reduces traffic. There is an understanding that the reduction of traffic as a whole reduces the opportunity for wildlife impacts. <ul style="list-style-type: none">Marathon is using a SCADA system for several purposes, but it clearly provides a

means to reduce traffic by reducing the frequency of visitations to each pad. Marathon currently has eight pads in production, which require daily visits until the remote sensing system is validated. The system has been instituted for the purpose of reducing traffic and visitation to the operating pads, providing additional safety for personnel, and mitigating environmental risks.

- Marathon utilizes one Temporary Living camp to house the resources needed to support the drilling operations within the Piceance Basin. The site supports approximately 50 personnel that function on 12-hour shifts. The shift work schedule is 2-weeks on and 2-weeks off. This is a traffic reduction of 25 vehicles per day, 7-days per week.

3.

Infrastructure Layout for Wildlife Protection

- Marathon is installing a consolidated and centralized fluid collection and shared/consolidated corridor for lines. Marathon will have the majority of the waterlines in place by the end of the year (2009). (Was this actually completed in 2009? If so, UPDATE this document!) The waterlines are being located adjacent to existing roads and within existing ROWs. The installation of the waterline coincides with the installation of gas gathering lines being performed by EPCO to reduce disturbance and traffic. One contractor is being used for all installations to enhance scheduling and reduce personnel and traffic within the Piceance Basin. If Marathon were to facilitate the waterline install independently, it would require a single crew of approximately 15 personnel, at minimum. Timing to complete the installation with a single crew would extend over a significantly longer time period. This is a reduction of 15 personnel and equipment if more than one contractor was being used at the same time to install an additional line within the ROW.

- Each well requires approximately 25,000 barrels of water to drill and complete. The water trucks used for transport carry approximately 100 barrels per load. As a result, 250 truck loads are required per well. Total development will require an average of eight wells per pad to achieve 20 acre spacing. This equates to 2,000 truck loads per pad and would increase with more aggressive development. Once fully installed and tested, the centralized waterline system will substantially reduce trucking requirements. The current needs of 250 loads per well will approach zero once the system is fully installed. Portions of the system, specifically the fresh water supply, have been utilized throughout 2009 to reduce current traffic needs. This traffic reduction will continue as the waterline infrastructure continues mature.

4.

Drilling and Production Operations for the Protection of Wildlife

- Marathon will review annually the scheduled civil construction, drilling and completion activities (Plan of Development [POD]) to avoid portions of SWH, specifically for the GrSG. Additionally, Marathon through the POD will schedule our activities in a effort to avoid and/or minimize operations near and within lek sites, elk production areas and active raptor nests.

The POD will be submitted to the CDOW by the end of January for each calendar year. This component of the WMP will be a living document. Marathon will utilize a qualified third party review team jointly with our regulatory compliance group to balance developments and ecological concerns within the Piceance Basin.

Marathon's goal during the annual POD scheduling is to avoid at a minimum 66% of the GrSG SWH.

- If for some reason an area cannot be avoided, Marathon will attempt to avoid the timing period associated with the wildlife category of concern.

- Lek avoidance is from March 1 through May 15 for major activities

- Elk Production is rotation of production areas on a seasonal basis;

- 4-mile buffer for GrSG March 1-June 30 (4-months)

Note: there is an overlap of geographical areas between the elk production areas and the 4-mile GrSG buffer area (SWH). In Marathon's effort to meet the timing for an elk production area, we also achieve avoidance for a portion of the 4-mile buffer area.

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	<p>Marathon has agreed to seasonal rotation development activities for the elk production areas.</p> <ul style="list-style-type: none"> • Marathon will be reducing visits to pads through the SCADA system. This is one of several benefits that this system provides. We can not define what the frequency of visits will be to each pad because the determinations are based on the data output from the remote sensors (that are monitored back at the Parachute and Grand Junction offices). However, the SCADA system will allow for a reduction in daily maintenance visits, as well as minimize other potential environmental impact via remote pressure, temperature, and level monitoring. <p>5. Additional Minimizations for Wildlife Protection</p> <ul style="list-style-type: none"> • Marathon is following the rule requirements for noise. Regarding raptor perch deterrents, Marathon will provide deterrents in areas where surrounding habitats do not provide natural perches. • Marathon joint ownership properties can utilize approved seed mixes and restore disturbed sagebrush. In lease areas the land owner dictates the decision on seed mix and restoration of sagebrush. There are discussions with land owners on decisions regarding high priority habitat (lek areas and adjacent lands) where sagebrush can be restored. In other areas the approved land owner seed mix would be applied. • Marathon is open to conduct raptor survey data and will enlist the CDOW's approach to evaluate survey data protocols.
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Total: 1 comment(s)