

FORM  
2

Rev  
12/05

# State of Colorado Oil and Gas Conservation Commission

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Document Number:

400459688

Date Received:

07/31/2013

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: Laura Abrams Phone: (720)929-6356 Fax: (720)929-7356

Email: laura.abrams@anadarko.com

7. Well Name: CLINE Well Number: 27N-2HZ

8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 11892

## WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 2 Twp: 2N Rng: 67W Meridian: 6

Latitude: 40.161009 Longitude: -104.849974

Footage at Surface: 464 feet FSL 430 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4853 13. County: WELD

### 14. GPS Data:

Date of Measurement: 03/15/2013 PDOP Reading: 2.0 Instrument Operator's Name: DAVID MACDONALD

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 \_\_\_\_\_  
618 FSL 1136 FEL 460 FNL 1140 FEL  
Sec: 2 Twp: 2N Rng: 67W Sec: 2 Twp: 2N Rng: 67W

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: 370 ft

18. Distance to nearest property line: 430 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 150 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):

See attached lease description. Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 80

### 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             | 1000          | 380       | 1000    | 0       |
| 1ST         | 8+3/4        | 7              | 26    | 0             | 7672          | 810       | 7672    | 0       |
| 1ST LINER   | 6+1/8        | 4+1/2          | 11.6  | 6671          | 11892         |           |         |         |

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None  
33. Comments No conductor casing will be used. Unit Configuration: 2N-67W-2: E2. 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. 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).

34. Location ID: 330751  
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: LAURA ABRAMS  
Title: REGULATORY ANALYST II Date: 7/31/2013 Email: DJREGULATORY@ANADARK

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: 10/6/2013

**API NUMBER**  
05 123 38258 00

Permit Number: \_\_\_\_\_ Expiration Date: 10/5/2015

#### 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.

**Description**

1) Provide notice of MIRU via an electronic Form 42.

2) Comply with Rule 317.i and provide cement coverage a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per Rule 317.o.

3) Operator acknowledges the proximity of the Cantrell Redv 1-13 (API# 123-18669), Baker Red V 1-12A (API #123-18529), Rollie J Vincent A1 (API #123-12555), Carlson V11-2 (API #123-07311), Kuipers Red V 12-4 (API #123-17555), Kiyota 34-35 (API #123-19727), HSR-Kanzler 5-1A (API #123-10281), and Ralph Vincent Unit 1 (API #123-07764) wells. Operator agrees to: provide mitigation option 1, 2 or 3 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

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**

| <b>Att Doc Num</b> | <b>Name</b>             |
|--------------------|-------------------------|
| 400459688          | FORM 2 SUBMITTED        |
| 400459700          | 30 DAY NOTICE LETTER    |
| 400459701          | DEVIATED DRILLING PLAN  |
| 400459703          | DIRECTIONAL DATA        |
| 400459704          | WELL LOCATION PLAT      |
| 400459705          | EXCEPTION LOC REQUEST   |
| 400459706          | SURFACE AGRMT/SURETY    |
| 400459707          | EXCEPTION LOC WAIVERS   |
| 400459708          | OTHER                   |
| 400459980          | LEGAL/LEASE DESCRIPTION |
| 400460262          | PROPOSED SPACING UNIT   |
| 400460365          | VARIANCE REQUEST        |
| 400460851          | OFFSET WELL EVALUATION  |

Total Attach: 13 Files

## General Comments

| <u>User Group</u> | <u>Comment</u>   | <u>Comment Date</u>     |
|-------------------|--|-------------------------|
| Permit            | Final Review Completed. No LGD or public comment received.   | 9/30/2013<br>9:39:30 AM |
| Engineer          | Evaluated offset wells for adequate coverage.  | 9/27/2013<br>4:20:02 PM |
| Permit            | ok to pass.  | 8/29/2013<br>8:58:34 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.   | 8/29/2013<br>8:58:12 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. | 8/29/2013<br>8:58:11 AM |
| Permit            | Operator's request for omission of open hole logs.   | 8/29/2013<br>8:58:10 AM |
| Permit            | Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.   | 8/29/2013<br>8:58:09 AM |

Total: 7 comment(s)

## Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u>            | <u>Description</u>   |
|-----------|--------------------------------|--|
| 1         | 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.  |
| 2         | 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:<br/>Sperl 16-2A</p> |

Total: 2 comment(s)