

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:

400460382

Date Received:

07/31/2013

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

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

Email: laura.abrams@anadarko.com

7. Well Name: SATER Well Number: 24N-5HZ

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

9. Proposed Total Measured Depth: 12604

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 8 Twp: 2N Rng: 67W Meridian: 6

Latitude: 40.153867 Longitude: -104.913193

Footage at Surface: 2328 feet FNL 2413 feet FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4913 13. County: WELD

14. GPS Data:

Date of Measurement: 06/17/2013 PDOP Reading: 1.8 Instrument Operator's Name: Alan Hnizdo

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

Footage at Top of Prod Zone: 2180 FNL 1739 FEL Bottom Hole: 2640 FNL 1739 FEL
Sec: 8 Twp: 2N Rng: 67W Sec: 5 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: 1060 ft

18. Distance to nearest property line: 1060 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 125 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		400	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(s). 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: 160

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	1000	380	1000	0
1ST	8+3/4	7	26.0	0	7618	800	7618	0
1ST LINER	6+1/8	4+1/2	11.6	6570	12604			

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

33. Comments No conductor casing will be used. Unit Configuration: 2N67W Sec 5: S/2NE/4, SE/4; Sec. 8: NE/4/ 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: 417800

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@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: 10/17/2013

API NUMBER
05 123 38325 00

Permit Number: _____ Expiration Date: 10/16/2015

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

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

1) Provide 48 hour 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.

3) Operator acknowledges the proximity of the Sheley 13-4 (API# 123-20384), Sheley 14-4 (API #123-19565), Townsend 43-5 (API #123-20514), Townsend 44-5 (API #123-20215), McCoy 24-5 (API #123-21359), HSR-Rhoades 8-5A (API #123-19724), and McCoy 23-5 (API #123-21357) 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.

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
400460382	FORM 2 SUBMITTED
400460609	OTHER
400460610	LEGAL/LEASE DESCRIPTION
400460611	OFFSET WELL EVALUATION
400460613	DEVIATED DRILLING PLAN
400460614	PLAT
400460615	PROPOSED SPACING UNIT
400460618	EXCEPTION LOC WAIVERS
400460619	EXCEPTION LOC REQUEST
400460621	30 DAY NOTICE LETTER
400460622	DIRECTIONAL DATA
400460630	VARIANCE REQUEST
400460776	SURFACE AGRMT/SURETY

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.	10/16/2013 3:39:28 PM
Engineer	Evaluated offset wells for adequate coverage. The existing surface casing check on file is still valid and the proposed surface casing setting depth is adequate. See document number 1770398.	10/15/2013 3:02:58 PM
Permit	Per operator changed distance to nearest building, road, RR or Utility & property line from 2413' to 1060'. Ok to pass.	8/30/2013 1:17:16 PM
Permit	ON HOLD: requesting corrected distance to nearest building, road, RR or Utility.	8/30/2013 10:09:02 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.	8/30/2013 10:09:01 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.	8/30/2013 10:09:00 AM
Permit	Operator's request for omission of open hole logs.	8/30/2013 10:08:59 AM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	8/30/2013 10:08:58 AM
Permit	Form passes completeness.	8/1/2013 11:12:10 AM

Total: 9 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: Alfred D Sater Unit 1</p>

Total: 2 comment(s)