

FORM  
2

Rev  
08/13

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:

400469695

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☒ OTHER \_\_\_\_\_

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

08/29/2013

Well Name: Oxbow Mining LLC Well Number: 2  
Name of Operator: VESSELS COAL GAS INC COGCC Operator Number: 10124  
Address: 730 17TH ST - SUITE 340  
City: DENVER State: CO Zip: 80202  
Contact Name: Andrea Gross Phone: (303)942-0506 Fax: ( )  
Email: agross@upstreampm.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20050098

WELL LOCATION INFORMATION

QtrQtr: SESW Sec: 9 Twp: 13S Rng: 90W Meridian: 6

Latitude: 38.930260

Longitude: -107.453240

Footage at Surface: 1409 feet FNL/FSL FSL 1882 feet FEL/FWL FWL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 6093 County: GUNNISON

GPS Data:

Date of Measurement: 07/19/2013 PDOP Reading: 2.8 Instrument Operator's Name: Kris Crawford

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 \_\_\_\_\_

Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_ Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: ☒ is the mineral owner beneath the location.

(check all that apply) ☒ is committed to an Oil and Gas Lease.

☒ has signed the Oil and Gas Lease.

☐ is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: \_\_\_\_\_ Surface Surety ID: \_\_\_\_\_

## LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Please see attached description of lease.

Total Acres in Described Lease: 2858 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # \_\_\_\_\_

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 420 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 219 Feet

Above Ground Utility: 5280 Feet

Railroad: 130 Feet

Property Line: 220 Feet

### INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

## DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone  
☐ Exception Zone  
☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: \_\_\_\_\_

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: \_\_\_\_\_

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 5095 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 420 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Elk Creek Unit Number: COC75003X

## SPACING & FORMATIONS COMMENTS

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CAMEO COAL	CMEOC			

## DRILLING PROGRAM

Proposed Total Measured Depth: 100 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 5180 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: ☐ Annular Preventor ☐ Double Ram ☒ Rotating Head ☐ None

## GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

## DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Evaporation

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

An aboveground container will be used as the drilling pit and cuttings pit.

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: \_\_\_\_\_ or Document Number: \_\_\_\_\_

## CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	21	18	70.65	0	40	18	40	0
1ST	17	13+3/8	48	0	100	36	100	0

☐ Conductor Casing is NOT planned

## DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

## GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318A.a. Exception Location (GWA Windows).
- ☐ Rule 318A.c. Exception Location (GWA Twinning).

## RULE 502.b VARIANCE REQUEST

☒ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number 603.a.(1)

## OTHER LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 318.c. Exception Location from Rule or Spacing Order Number \_\_\_\_\_
- ☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

## OPERATOR COMMENTS AND SUBMITTAL

Comments Surface casing is to serve as the production casing. A cement bond log will be run to determine cement integrity.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: \_\_\_\_\_

Is this application being submitted with an Oil and Gas Location Assessment application? \_\_\_\_\_ Yes

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Andrea Gross

Title: Permit Agent Date: 8/29/2013 Email: agross@upstreampm.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: 10/18/2013  
Expiration Date: 10/17/2015

**API NUMBER**

05 051 06118 00

### **Conditions Of Approval**

**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.**

**COA Type**

**Description**

	Vessels will notify UPRR representative Zach Burt 48 hours prior to MIRU.
	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.
	(2) ANY WATER FLOWS OR LOST CIRCULATION MUST BE REPORTED PRIOR TO RUNNING PRODUCTION CASING (1ST STRING). EMAIL: DAVID.ANDREWS@STATE.CO.US.
	(3) MINIMUM 48 HOUR NOTICE PRIOR TO CEMENTING PRODUCTION CASING IS REQUIRED. EMAIL: CHUCK.BROWNING@STATE.CO.US AND DAVID.ANDREWS@STATE.CO.US.
	(4) PRODUCTION CASING MUST BE CEMENTED FROM TOTAL CASING DEPTH TO SURFACE. COGCC VERBAL APPROVAL IS REQUIRED PRIOR TO DRILLING OUT PRODUCTION CASING AND PRIOR TO PENETRATING THE MINE ADIT/DRIFT. EMAIL PRODUCTION CASING CEMENT BOND LOG AND PRODUCTION CASING CEMENT SUMMARY TO DAVID.ANDREWS@STATE.CO.US. A CEMENT BOND LOG IS REQUIRED TO VERIFY CEMENT COVERAGE FOR THE PRIMARY CEMENTING ATTEMPT AND TOP-OUT REMEDIAL CEMENT (IF ANY).
	(5) THE PRODUCTION CASING CEMENT SUMMARY SHALL INCLUDE: SACKS, YIELD, SLURRY WEIGHT (FOR THE LEAD CEMENT, IF USED, THE TAIL CEMENT, AND THE TOP-OUT CEMENT, IF USED); HOLE SIZE, CASING SIZE, CASING SETTING DEPTH, FLOWING CASING (LIFT) PRESSURE IMMEDIATELY PRIOR TO BUMPING THE PLUG, PRESSURE TO BUMP THE PLUG, COMMENTS ON RETURNS (FULL, PARTIAL, ETC.), AND VOLUME OF CEMENT RETURNED TO SURFACE.

## Best Management Practices

<u>No BMP/COA Type</u>	<u>Description</u>

### Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2055854	DRILLING PLAN
2157251	VARIANCE REQUEST
400469695	FORM 2 SUBMITTED
400474213	WELL LOCATION PLAT
400474217	ACCESS ROAD MAP
400474302	LEGAL/LEASE DESCRIPTION

Total Attach: 6 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Variance request to Rule 603.a.(1) granted 10/9/2013 by the Director. No LGD or public comments. Fiinal Review--passed.	10/10/2013 10:46:29 AM
Permit	Oper. submitted revised variance request ltr. Unable to obtain waiver from UPRR.	10/1/2013 1:46:54 PM
Engineer	CHANGES MADE TO THE CASING AND CEMENT DESIGN, AS REQUESTED BY THE OPERATOR ON 9/27/2013. THE 13-3/8" CASING (1ST STRING) WILL SERVE DUAL PURPOSES AS A SURFACE CASING STRING AND PRODUCTION CASING STRING FOR THIS WELL, PER PRIOR AGREEMENT BETWEEN COGCC, CDWR, AND THE OPERATOR FOR WELLS IN THIS AREA THAT ARE DRILLED INTO COAL MINES ADITS/DRIFTS FOR DEGASSING.	9/27/2013 11:37:40 AM
Engineer	THE PROPOSED COAL GAS WELL WILL BE DRILLED INTO A DEWATERED MINE ADIT OR DRIFT WHICH IS SHALLOWER THAN SOME WATER WELLS WITHIN 1-MILE OF THE LOCATION. NEARBY WATER WELLS ARE OWNED BY COAL COMPANIES AND MAY BE USED FOR WATER LEVEL MONITORING AROUND NEARBY MINES.	9/18/2013 12:06:41 PM
Permit	Oper. sub. revised variance req. ltr.	9/12/2013 9:51:56 AM
Permit	Per oper. corrected dist. to unit boundary. Still need waiver letter.	9/9/2013 12:17:10 PM
Permit	Oper. submitted revised variance request ltr. Need review of distance to unit boundary.	9/6/2013 11:57:59 AM
LGD	No comments.	9/4/2013 4:24:25 PM
Permit	This form has passed completeness. Corrected Groundwater Sampling Rule to 609. Attachment labeled exception request waiver re-labeled variance request letter. Still requires waiver letter.	9/3/2013 1:22:46 PM
Permit	Returned to draft at operator's request.	8/29/2013 11:17:26 AM

Total: 10 comment(s)