

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



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Date Received:

07/29/2013

PluggingBond SuretyID

20010023

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: K P KAUFFMAN COMPANY INC

4. COGCC Operator Number: 46290

5. Address: 1675 BROADWAY, STE 2800

City: DENVER State: CO Zip: 80202

6. Contact Name: Susana Lara-Mesa Phone: (303)825-4822 Fax: (303)825-4825

Email: slaramesa@kpk.com

7. Well Name: Hepp Well Number: #32-1H

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

9. Proposed Total Measured Depth: 11559

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 32 Twp: 4N Rng: 67W Meridian: 6

Latitude: 40.276130 Longitude: -104.922360

Footage at Surface: 313 feet FNL/FSL 211 feet FEL/FWL
FNL FWL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 5017 13. County: WELD

14. GPS Data:

Date of Measurement: 06/19/2013 PDOP Reading: 1.3 Instrument Operator's Name: E Davis

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
79 FNL 615 FWL 0 FNL 460 FEL
Sec: 32 Twp: 4N Rng: 67W Sec: 32 Twp: 4N 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: 200 ft

18. Distance to nearest property line: 200 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 499 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):

N/2 32-T4N-R67W

25. Distance to Nearest Mineral Lease Line: 200 ft26. Total Acres in Lease: 320**DRILLING PLANS AND PROCEDURES**27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.28. Will salt sections be encountered during drilling? ☐ Yes ☒ No29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☐ No31. 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+3/4	9+5/8	36	0	700	320	700	0
1ST	8+3/4	7	26	0	7550	650	7550	0
1ST LINER	6+1/8	4+1/2	11.6	6700	11559	0		

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

33. Comments Proposed spacing is N/2N/2 SEC 32 and S/2S/2 SEC 29-T4N-R67W. No conductor casing will be used. 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. Waivers are highlighted in SUA.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan? ☐ Yes ☐ No36. 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: Susana Lara-MesaTitle: Engineering Project Mgr.Date: 7/29/2013Email: slaramesa@kpk.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: 11/8/2013**API NUMBER**

05 123 38382 00

Permit Number: _____

Expiration Date: 11/7/2015**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 48 hour 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 Olson 14-29 (API #123-20275), Olson 24-29 (API #123-20281), McCarty 30-2 (API #123-12166), Seele 41-31 (API #123-20148), Gray 1 (API #123-10559), Hepp 32-5 (API #123-23534), Hepp 32-4 (API #123-23535), and UPRR Pan Am B 1 41 (API #123-07225) 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.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2167474	LEASE MAP
2167475	OFFSET WELL EVALUATION
2167508	DEVIATED DRILLING PLAN
400406922	FORM 2 SUBMITTED
400459001	SURFACE AGRMT/SURETY
400459027	EXCEPTION LOC REQUEST
400459029	EXCEPTION LOC REQUEST
400459125	PROPOSED SPACING UNIT
400460099	PLAT
400489464	DIRECTIONAL DATA

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	11/7/2013 7:29:14 AM
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 2486040.	10/29/2013 4:57:50 PM
Permit	Attached DS, and corrected TMD, as per opr. Moving form back to In Process.	10/18/2013 2:21:31 PM
Permit	Opr is correcting BHL with new drilling plan. Form on hold.	9/5/2013 2:50:16 PM
Permit	Corrections made. Form passes completeness.	7/31/2013 7:32:08 AM
Permit	Related form 2A doc number is incorrect. 30 day notice letter is incorrect and should be removed. Back to draft.	7/30/2013 11:02:10 AM

Total: 6 comment(s)

Best Management Practices

No	BMP/COA Type	Description
1	General Housekeeping	Housekeeping will consist of neat and orderly storage of materials and fluids. Wastes will be temporarily stored in sealed containers and regularly collected and disposed of at offsite suitable facilities according to WMP. If spills occur prompt cleanup is required to minimize any commingling of waste materials with stormwater runoff. Routine maintenance will be limited to fueling and lubrication of equipment. Drip pans will be used during routine fueling and maintenance to contain spills or leaks. Any waste product from maintenance will be containerized and transported offsite for disposal at a certified facility. There will be no major equipment overhauls conducted onsite. Equipment will be transported offsite for major overhauls. Cleanup of trash and discarded materials will be conducted at the end of each workday. Cleanup will consist of patrolling the roadway, access areas, and other work areas to pick up trash, scrap debris, other discarded materials, any contaminated soil, and dust control on location. Materials will be disposed of properly.
2	Storm Water/Erosion Control	Storm water Management Plan (SWMP) will be in place to address construction, drilling and operations associated with oil and gas development throughout the state of Colorado in accordance with Colorado Department of Public Health and Environment (CDPHE) General Permit rules. BMP's used will vary according to location, and will remain in place until the pad reached final reclamation.
3	Material Handling and Spill Prevention	Spill Prevention Control and countermeasure plan (SPCC) is in place to address construction, drilling and operations associated with oil and gas development throughout the state of Colorado in accordance with CFR 112.
4	Drilling/Completion Operations	<p>Pre-Spud Anti-collision Prior to drilling operations, operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys 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 will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to the COGCC with the Form 5.</p> <p>During and Post Stimulation K.P. Kauffman, Inc. will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.</p> <p>At least 90 days prior to fracture stimulation, the Operator shall notify all operators of non-operated wells within 1500' of the wellbore to be fracture stimulated of the anticipated stimulation date and the recommended best management practice to shut-in all wells within 1500' of the stimulated wellbore completed in the same formation. The Operator will monitor bradenhead pressure of all wells under Operator's control within 300 feet of the well which is to be treated, provided such other wells penetrate the productive zone which is to be treated.</p>

Total: 4 comment(s)