

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

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Date Received:

07/30/2013

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: Hodgson Well Number: #17-3H

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

9. Proposed Total Measured Depth: 11982

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 17 Twp: 4N Rng: 66W Meridian: 6

Latitude: 40.318090 Longitude: -104.810230

Footage at Surface: 429 feet FNL 294 feet FWL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4707 13. County: WELD

14. GPS Data:

Date of Measurement: 07/02/2013 PDOP Reading: 1.4 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 _____
1120 FNL 872 FWL 993 FNL 0 FEL
Sec: 17 Twp: 4 Rng: 66 Sec: 17 Twp: 4 Rng: 66

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: 166 ft

18. Distance to nearest property line: 203 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 693 ft

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):

NW/4 & S/2NE/4 of section 17 T4N-R66W

25. Distance to Nearest Mineral Lease Line: 203 ft

26. Total Acres in Lease: 240

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+3/4	9+5/8	36	0	700	320	700	0
1ST	8+3/4	7	26	0	7410	650	7410	0
1ST LINER	6+1/8	4+1/2	11.6	7210	11982	0		

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

33. Comments Proposed spacing unit is N/2 of section 17 and the W/2NW/4 of section 16-T4N-R66W No conductor casing will be used Operator requests approval of a Rule 318Aa, 318Am 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 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: Susana Lara-Mesa

Title: Engineering Project Mgr. Date: 7/30/2013 Email: 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: Matthew Lee Director of COGCC Date: 11/22/2013

API NUMBER Permit Number: _____ Expiration Date: 11/21/2015

05 123 38474 00

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 acknowledges the proximity of the Lewis 2-20 (API 123-11672) well. Operator agrees to: provide mitigation option 1 or 2 (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.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Data retrieval failed for the subreport 'IntPolicy_MTO' located at: \\DnrDenSterling\o5\formReports\policy_mto.rdl. Please

Attachment Check List

Att Doc Num	Name
2167402	LEASE MAP
2167403	PROPOSED SPACING UNIT
2167404	VARIANCE REQUEST
2167414	DEVIATED DRILLING PLAN
2167476	OFFSET WELL EVALUATION
400407508	FORM 2 SUBMITTED
400447039	PLAT
400450769	EXCEPTION LOC REQUEST
400458810	SURFACE AGRMT/SURETY
400458815	EXCEPTION LOC REQUEST
400489527	DIRECTIONAL DATA

Total Attach: 11 Files

General Comments

User Group	Comment	Comment Date
Permit	Corrected proposed TD and casing depth as per opr. Final review complete.	11/21/2013 1:33:17 PM
Permit	Powerline will be temporarily relocated during drilling operations. TOP is FWL not FEL - corrected; Total acres in lease don't match lease map.	8/12/2013 3:35:45 PM
Permit	Passed completeness.	7/31/2013 10:18:45 AM

Total: 3 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)