

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:

400477131

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:

10/14/2013

Well Name: FEDERAL

Well Number: PA 431-27

Name of Operator: WPX ENERGY ROCKY MOUNTAIN LLC

COGCC Operator Number: 96850

Address: 1001 17TH STREET - SUITE #1200

City: DENVER State: CO Zip: 80202

Contact Name: ANGELA NEIFERT-KRAISER Phone: (303)606-4398 Fax: (303)629-8268

Email: ANGELA.NEIFERT-KRAISER@WPXENERGY.COM

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: LOT 8 Sec: 27 Twp: 6S Rng: 95W Meridian: 6

Latitude: 39.496058

Longitude: -107.977746

Footage at Surface: 2345 feet FNL/FSL FNL 647 feet FEL/FWL FEL

Field Name: PARACHUTE

Field Number: 67350

Ground Elevation: 5855

County: GARFIELD

GPS Data:

Date of Measurement: 10/29/2012 PDOP Reading: 1.3 Instrument Operator's Name: MICHAEL LANGHORNE

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FNL 1789 FEL FEL/FWL FEL 1789 FEL
 208 FNL 1789 FEL 208 FNL 1789 FEL
 Sec: 27 Twp: 6S Rng: 95W Sec: 27 Twp: 6S Rng: 95W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☐ Fee ☐ State ☒ Federal ☐ IndianThe 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.)

T6S R95W SEC. 20: LOTS 1 (31.88, NW/4NE/4), 4 (39.07, NE/4SW/4), 5 (38.95, NW/4SW/4), 6 (47.39, SW/4SW/4), 7 (47.33, SE/4SW/4), 8 (47.27, SW/4SE/4), 9 (47.21, SE/4SE/4), NE/4NE/4, S/2NE/4, N/2SE/4 SEC. 21: LOTS 1 (47.19, SW/4SW/4), 2 (47.23, SE/4SW/4), 3 (47.25, SW/4SE/4), 4 (47.29, SE/4SE/4), N/2, N/2S/2 [ALL] SEC. 26: LOTS 3 (41.65, NE/4NW/4), 4 (41.84, NW/4NW/4), 5 (41.81, SW/4NW/4), 6 (41.62, SE/4NW/4), N/2SW/4 EC. 27: LOTS 1 (36.57, NE/4NE/4), 2 (36.76, NW/4NE/4), 3 (36.97, NE/4NW/4), 4 (37.16, NW/4NW/4), 5 (37.18, SW/4NW/4) 6 (36.99, SE/4NW/4), 7 (36.76, SW/4NE/4), 8 (36.56, SE/4NE/4), N/2S/2, SE/4SE/4 SEC. 28: LOTS 1 (37.50, NE/4NE/4), 2 (37.04, NW/4NE/4), 3 (37.11, SW/4NE/4), 4 (37.56, SE/4NE/4), W/2W/2, N/2SE/4

Total Acres in Described Lease: 2299 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC62161

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 208 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4604 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 1578 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: 416 Feet

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

Federal or State Unit Name (if appl): _____ Unit Number: _____

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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| WILLIAMS FORK | WMFK | 440-25 | 320 | N2,N2S2,SESE |

DRILLING PROGRAM

Proposed Total Measured Depth: 9033 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 416 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S 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: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Spent drilling fluids are treated with a de-watering unit. Separated mud solids are disposed with the drill cuttings at a well pad location, or at an approved disposal trench. Separated water is re-used for drilling, or disposed at a permitted inj. well.

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 | 26 | 18 | 48 | 0 | 60 | 50 | 60 | 0 |
| SURF | 13+1/2 | 9+5/8 | 32.3 | 0 | 2992 | 759 | 2992 | 0 |
| 1ST | 8+3/4 | 4+1/2 | 11.6 | 0 | 9033 | 907 | 9033 | 5141 |

☐ 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 _____

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

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 335233

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: ANGELA NEIFERT-KRAISER

Title: REGULATORY SPECIALIST Date: 10/14/2013 Email: ANGELA.NEIFERT-

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: 11/23/2013

Expiration Date: 11/22/2015

API NUMBER

05 045 22241 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

- (1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.
- (2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS IS REQUIRED.
- (3) CEMENT ON PRODUCTION CASING MUST BE A MINIMUM OF 200' ABOVE THE TOP OF THE MESA-VERDE FORMATION (OR 200' ABOVE THE OHIO CREEK FORMATION IF PRESENT). CEMENT TOP VERIFICATION BY CBL IS REQUIRED.

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|--------------------------------|--|
| 1 | Planning | <ul style="list-style-type: none"> * Maximize the utility of surface facilities by developing multiple wells from a single pad (directional drilling), and by co-locating multipurpose facilities (for example, well pads and compressors) to avoid unnecessary habitat fragmentation and disturbance of additional geographic areas. * Maximize use of long-term centralized tank batteries to minimize traffic * Maximize use of remote completion/frac operations to minimize traffic * Maximize use of remote telemetry for well monitoring to minimize traffic |
| 2 | General Housekeeping | <p>Although this location is located within 500 ft. of perennial, ephemeral, or intermittent surface water according to USGS mapped surface waters, the attached Sensitive Area Determination concludes that the location is not within a sensitive area due to the low potential for impacts to surface water in the case of a facility release. However, in order to satisfy COGCC guidance requiring that all locations within 500 ft. of mapped surface water incorporate BMPs to protect that surface water, WPX Energy will employ the following BMPs at this location:</p> <ul style="list-style-type: none"> • WPX Energy will ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations. • WPX Energy will implement best management practices to contain any unintentional release of fluids. • Either a lined drilling pit or closed loop system will be implemented. |
| 3 | Drilling/Completion Operations | <ul style="list-style-type: none"> * Use centralized hydraulic fracturing operations. * Conduct well completions with drilling operations to limit the number of rig moves and traffic. |
| 4 | Interim Reclamation | <ul style="list-style-type: none"> * Remove well pad and road surface materials that are incompatible with post-production land use and re-vegetation requirements * Use only certified weed-free native seed in seed mixes, except for non-native plants that benefit wildlife * WPX Energy will use certified, weed free grass hay, straw, hay or other mulch materials used for the reseeded and reclamation of disturbed areas. * Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents and openings. * Reduce visits to well-sites through remote monitoring (i.e. SCADA) and the use of multi-function contractors. |

Total: 4 comment(s)

Data retrieval failed for the subreport 'ImpBmpLog_NTC' located at: \\DorDonSterling\cFarmReports\BmpLog_NTC.rdl. Please

Attachment Check List

| Att Doc Num | Name |
|--------------------|------------------------|
| 400477131 | FORM 2 SUBMITTED |
| 400495026 | WELL LOCATION PLAT |
| 400495027 | FED. DRILLING PERMIT |
| 400495028 | DEVIATED DRILLING PLAN |
| 400495029 | ACCESS ROAD MAP |
| 400495564 | DIRECTIONAL DATA |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|---------------------------|
| Permit | Final review completed. No LGD comments. | 11/19/2013 1:56:10 PM |
| LGD | KHW--Pass | 11/4/2013 3:09:38 PM |
| Engineer | THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 220 FEET DEEP. | 10/18/2013 2:47:19 PM |
| Permit | Passed completeness | 10/15/2013 12:09:04 PM |
| Permit | Returned to draft: Missing directional data. | 10/15/2013 10:20:06 AM |

Total: 5 comment(s)