

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:

400490066

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:

10/04/2013

TYPE OF WELL OIL GAS COALBED OTHER _____

Refilling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: DEEPE Well Number: 36C-27HZ
Name of Operator: KERR-MCGEE OIL & GAS ONSHORE LP COGCC Operator Number: 47120
Address: P O BOX 173779
City: DENVER State: CO Zip: 80217-3779
Contact Name: Cheryl Light Phone: (720)929-6461 Fax: (720)929-7461
Email: cheryl.light@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 22 Twp: 2N Rng: 67W Meridian: 6
Latitude: 40.129500 Longitude: -104.878440

Footage at Surface: 531 feet FNL/FSL FNL 2140 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 5007 County: WELD

GPS Data:

Date of Measurement: 04/04/2013 PDOP Reading: 1.2 Instrument Operator's Name: DAVID MACDONALD

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

Footage at Top of Prod Zone: FNL/FSL FNL 2305 FWL Bottom Hole: FNL/FSL FSL 2305 FWL
636 FNL 2305 FWL 1 FSL 2305 FWL
Sec: 22 Twp: 2N Rng: 67W Sec: 27 Twp: 2N Rng: 67W

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 lease description.

Total Acres in Described Lease: 320 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 745 Feet

Building Unit: 1615 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 531 Feet

Above Ground Utility: 558 Feet

Railroad: 5280 Feet

Property Line: 531 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: 199 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 636 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Unit configuration: 2N-67W-SEC. 22: W2E2, E2W2; SEC. 27: W2E2, E2W2; SEC. 34: NE4NW4, NW4NE4

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		720	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 17879 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 58 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? Yes

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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Other

Other Disposal Description:

Please see comments section. Disposal description will not fit in space provided.

Beneficial reuse or land application plan submitted? Yes

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
SURF	13+1/2	9+5/8	36	0	650	220	650	0
1ST	8+3/4	7	26	0	7983	810	7983	0
1ST LINER	6+1/8	4+1/2	11.6	6984	17879			

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 Other disposal description:
Drilling fluids disposal: KMG will reuse oil-based drilling fluids to maximum extent at which point they will be returned to the fluids manufacturer for re-conditioning or disposal at a licensed, commercial disposal site.
Cuttings disposal: Water based cuttings will be used to drill the curve of the well. They will be disposed of using a Centralized E&P Waste Management facility or a private spread field depending on what is feasible at time of drilling.
Oil based cuttings will be used to drill the lateral of the well. They will be disposed of offsite and at a licensed, commercial disposal site.

Operator will run open hole logs into the surface casing on the first well drilled on this pad.

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

Location ID: 331236

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: Lauren Kucera

Title: Regulatory Analyst II Date: 10/4/2013 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:  Director of COGCC Date: 11/23/2013

Expiration Date: 11/22/2015

API NUMBER

05 123 38497 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.

<u>COA Type</u>	<u>Description</u>
	<p>1)Note surface casing setting depth change from 500' to 650'. Increase cement coverage accordingly and cement to surface.</p> <p>2)Provide notice of MIRU via an electronic Form 42.</p> <p>3)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.</p> <p>4)Operator acknowledges the proximity of the Deepe, Carl R 1 (API# 123-07288), Martin T. Hart Gas Unit E 1 (API# 123-08464), A.D. Jeffers A1 (API# 123-12665), and the Hart A Gas Unit 1 (API# 123-07327) 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.</p>
	Operator must meet water well testing requirements per Rule 318A.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	The nearest building unit is located 1,615' away from this oil and gas location, therefore it is not within a Designated Setback Location and is exempt from 604.c.
2	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.
3	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 wells: Anti-collision: HSR-DEEPE 3-22A</p>

Total: 3 comment(s)

Date retrieval failed for the subreport 'IntPolicy_NTC' located at: \\DorDonSterling\FarmReports\policy_ntc.rdl. Please

Attachment Check List

Att Doc Num	Name
1536532	SURFACE CASING CHECK
400490066	FORM 2 SUBMITTED
400490074	OffsetWellEvaluations Data
400490086	LEGAL/LEASE DESCRIPTION
400490087	DEVIATED DRILLING PLAN
400490088	WELL LOCATION PLAT
400490089	OTHER
400490090	DIRECTIONAL DATA
400490903	PROPOSED SPACING UNIT

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
Permit	Final Review Completed. No LGD or public comment received.	11/18/2013 8:47:48 AM
Engineer	Evaluated offset wells for adequate coverage.	11/14/2013 3:49:59 PM
Permit	Per operator closest well is the Smith 6-27A (05-123-20789) at approximately 199'. ok to pass.	10/18/2013 10:47:02 AM
Permit	Operator's request for omission of open hole logs.	10/15/2013 4:03:38 PM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	10/15/2013 4:03:37 PM
Permit	ON HOLD: requesting correction to distance to nearest well.	10/15/2013 4:03:08 PM
Permit	This form has passed completeness. Operator attached PSU cert. ltr. as OTHER attachment.	10/7/2013 10:19:21 AM
Permit	Returned to draft: 1) Certification of no objections to spacing unit not included with proposed spacing unit attachment.	10/7/2013 9:11:49 AM

Total: 8 comment(s)