

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:  
400522584

APPLICATION FOR PERMIT TO:

Drill       Deepen       Re-enter       Recomplete and Operate

Date Received:  
01/09/2014

TYPE OF WELL OIL  GAS  COALBED  OTHER \_\_\_\_\_  
ZONE TYPE SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES

Refilling   
Sidetrack

Well Name: KERR Well Number: 36C-25HZ  
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: SESW Sec: 13 Twp: 2N Rng: 67W Meridian: 6  
Latitude: 40.132329 Longitude: -104.841243

Footage at Surface: 576 feet FNL/FSL FSL 2056 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4883 County: WELD

GPS Data:  
Date of Measurement: 04/30/2013 PDOP Reading: 3.1 Instrument Operator's Name: OWEN MCKEE

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

Footage at Top of Prod Zone: FNL/FSL FNL 2590 FWL Bottom Hole: FNL/FSL FSL 2590 FWL  
460 FNL 2590 FWL 1 FSL 2590 FWL  
Sec: 24 Twp: 2N Rng: 67W Sec: 25 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: No

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

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 document with lease descriptions and map.

Total Acres in Described Lease: 374 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: 559 Feet  
 Building Unit: 616 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 746 Feet  
 Above Ground Utility: 1147 Feet  
 Railroad: 5280 Feet  
 Property Line: 252 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: 10/28/2013

**SPACING and UNIT INFORMATION**

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 489 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

**SPACING & FORMATIONS COMMENTS**

UNIT CONFIGURATION:  
 T2N-R67W-24: E2W2, W2E2  
 T2N-R67W-25: E2W2, W2E2  
 T2N-R67W-36: 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: 17870 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 181 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

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 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: Commercial Disposal

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	1000	380	1000	0
1ST	8+3/4	7	26	0	7822	820	7822	0
1ST LINER	6+1/8	4+1/2	11.6	6872	17870			

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: Water-based drilling fluids will be used to drill the curve of the well. KMG will reuse water-based drilling fluids to the maximum extent at which point they will either be land applied or taken to a licensed, commercial disposal site; decided upon based off of laboratory analysis of fluids.

Oil-based drilling fluids will be used to drill the lateral of the well. 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. If the surface owner authorizes, and if it is feasible for this location at the time of drilling, water-based cuttings will be disposed of onsite using bioremediation/solidification product.

If the surface owner does not authorize onsite disposal and/or it is not feasible for this location at the time of drilling, water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field.

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.

Per our conversation with Greg (12/12 12:40 pm), we will work with our vendors to get facility layout drawings with pump jacks and submit to the COGCC once we receive those.

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: Ronett Powers \_\_\_\_\_

Title: Regulatory Analyst II Date: 1/9/2014 Email: DJRegulatory@anadarko.com

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: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

API NUMBER

05

## 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>
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	604c.(2).E. Multiwell Pads: In order to reduce surface impact, this application is for a six-well pad.
2	Planning	604c.(2).Q. Guy Line Anchors: Should guy line anchors be left buried for future use, they shall be identified by a bright marker greater than four (4) feet high and no more than one (1) foot east of the guy line anchor.
3	Planning	604c.(2).R. Tank Specifications: Two 500 barrel skid mounted frac tanks will be temporarily placed on-site for use of the pre-spud rig only. One tank will store water and the other will store water based mud.
4	Planning	604c.(2).S. Access Roads: KMG will utilize a lease access road from County Road 20 for drilling operations and maintenance equipment. The road will be properly constructed and maintained to accommodate for local emergency vehicle access. Water will be placed on dirt access roads to mitigate dust. Magnesium chloride will be used as needed on access roads to further abate dust.
5	Planning	604c.(2).V. Development From Existing Well Pads: KMG will locate the proposed six new horizontal wells on the existing location for the Kerr 14-13A well to reduce the amount of surface disturbance.
6	Traffic control	604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations.
7	General Housekeeping	604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped.
8	General Housekeeping	604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation.
9	Storm Water/Erosion Control	604c.(2).W. Site-Specific Measures: KMG maintains a Stormwater Management Plan that assesses erosion control for every KMG operated location. This well pad will be added to this plan once construction begins. This plan is updated every fourteen (14) days and after any major weather event.
10	Material Handling and Spill Prevention	604c.(2).N. Control of Fire Hazards: KMG and its contractors will employ best management practices during the drilling and production of its wells and facilities and will comply with appropriate COGCC rules concerning safety and fire. KMG will ensure that any material that might be deemed a fire hazard will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s).
11	Construction	604c.(2).G. Berm Construction: Kerr-McGee will create tertiary containment by construction of a berm or diversion dike, site grading, or other comparable measures sufficient to further protect the ditch located 787' NE of the proposed oil and gas location.

12	Construction	604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate with adequate lock to restrict access to authorized personnel only. KMG personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or KMG personnel shall be on-site during drilling and completion operations.
13	Noise mitigation	604c.(2).A. Noise: Sound mitigation barriers (hay bales) will be placed along the northeast and northwest corners of the pad location to damper noise during drilling and completions to the nearby residences. Sound surveys that have been conducted on each rig type are utilized to anticipate any additional noise mitigation once a drilling rig is determined.
14	Drilling/Completion Operations	604c.(2).B. Closed Loop Drilling System: KMG will use a closed loop or "pitless" system for drilling and fluid management and will not construct a reserve pit.
15	Drilling/Completion Operations	604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram; and annular preventer.
16	Drilling/Completion Operations	604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPEs will be tested at a minimum of every 30 days.
17	Drilling/Completion Operations	604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid.
18	Drilling/Completion Operations	604c.(2).K. Pit Level Indicators: All tanks (used in lieu of pits) contain pit level monitors with Electronic Drilling Recorders (EDR). KMG uses EDRs with pit level monitor(s) and alarm(s) for production rigs. Basic level gages are used on tanks utilized for the surface rig.
19	Drilling/Completion Operations	604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the Director.
20	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.
21	Drilling/Completion Operations	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. At the time of permitting, the operator has identified the following well(s) as being within close proximity of the proposed well(s): ANTI-COLLISION: KERR 14-13A.
22	Final Reclamation	604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned.
23	Final Reclamation	604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a.(5), once the well has been plugged and abandoned, KMG will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging.

Total: 23 comment(s)

### **Applicable Policies and Notices to Operators**

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

## Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400522584	FORM 2 SUBMITTED
400525738	OffsetWellEvaluations Data
400525754	DIRECTIONAL DATA
400525756	WELL LOCATION PLAT
400525757	DEVIATED DRILLING PLAN
400525758	SURFACE AGRMT/SURETY
400525759	LEGAL/LEASE DESCRIPTION
400525762	PROPOSED SPACING UNIT

Total Attach: 8 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	ok to pass.	1/22/2014 9:13:31 AM
Permit	Passed completeness.	1/13/2014 9:29:29 AM

Total: 2 comment(s)