

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:

400535425

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

01/06/2014

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Stateline

Well Number: 22-2

Name of Operator: SIMMONS, INC.* D. J.

COGCC Operator Number: 100178

Address: 1009 RIDGEWAY PL STE 200

City: FARMINGTON

State: NM

Zip: 87401

Contact Name: Chris Lopez

Phone: (505)326-3753

Fax: (505)327-4659

Email: clopez@djsimmons.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20110075

WELL LOCATION INFORMATION

QtrQtr: 57 Sec: 22 Twp: 39N Rng: 20W Meridian: N

Latitude: 37.629330

Longitude: -109.038470

Footage at Surface: 1647 feet FNL/FSL FNL 990 feet FEL/FWL FWL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 6584

County: DOLORES

GPS Data:

Date of Measurement: 12/19/2013 PDOP Reading: 1.8 Instrument Operator's Name: John D. Wayne

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

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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.)

Township 39 North, Range 20 West N.M.P.M.
Section 22: N 1/2 (comprising portions of Tracts 57, 58 and 59)
Containing 187.68 acres, more or less

Total Acres in Described Lease: 187 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: 990 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1490 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 950 Feet
Above Ground Utility: 950 Feet
Railroad: 5280 Feet
Property Line: 477 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: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 990 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.)
DESERT CREEK	DSCR	231-2	187	N 1/2

DRILLING PROGRAM

Proposed Total Measured Depth: 6374 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 2150 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

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: UIC Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

Other Disposal Description:

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	17+1/2	13+3/8	48	0	50	18	50	0
SURF	12+1/4	8+5/8	24	0	2021	720	2021	0
1ST	7+7/8	5+1/2	17	0	6374	891	6374	0

☐ 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: _____

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: Chris S. Lopez

Title: Regulatory Specialist Date: 1/6/2014 Email: clopez@djsimmons.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.

COA Type**Description**

Drilling/Completion Operations	1) Provide 48 hour notice of spud to COGCC and submit via form 42 2) Submit CBL on 5 1/2" production casing
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Best Management Practices**No BMP/COA Type****Description**

1	Planning	The sequence of activities for the project are as follows: 1) Construct well access road: - Install pre/during BMP's; - Blade, level, crown and construct drain ditch for access road to well pad. 2) Construct well pad: - Install pre/during BMP's at well pad; - Construct well pad by leveling (with cut and fill) including drilling pit; - Set-up drilling rig with light plant and mud pit; - Complete the well; - Set surface facilities such as meter run, separator and storage tanks. 3) Construct well-tie pipeline: - Install pre/during BMP's; - Level right-of-way; - Excavate ditch, string pipe, bend pipe, weld pipe, lower-in and shade-in pipe; - Backfill ditch; - Restore area back to cropland.
2	Storm Water/Erosion Control	Storm water erosion BMP's are designed to reduce, prevent or control pollution by entraining sediments in runoff during and after construction.

3	Material Handling and Spill Prevention	<p>The following are examples of measures that will be taken to minimize generation of dust, construction materials and waste handling and storage, spill prevention and response:</p> <ul style="list-style-type: none"> - Up to date Material Safety Data Sheets for all chemicals used on-site are maintained. It is not anticipated that reportable quantities of acids, solvents, paints, or chemicals will be stored or used for construction purposes. - Drums and containers will be clearly labeled. Drums of hazardous waste are labeled and dated per regulatory requirements. - Accumulation of waste on site is limited - Best Management Practices are implemented. - Chemicals that are poured into smaller containers, the secondary containers will be clearly labeled and dedicated to one material. Funnels or other aids used to reduce spills, drips and splashes are used during pouring. - Secondary containment is covered to prevent the mixing of released materials with precipitation. - Proper pumps for fueling are provided to reduce leaks and spills. Drip pans are installed for fueling nozzles. Drip pans will be cleaned regularly and will not be allowed to accumulate water. - Storage areas, containment areas and spill response kits are inspected regularly. - Proper signage is installed for hazardous materials storage areas. - Leaks are repaired promptly and spilled material and contaminated media are cleaned up immediately. - Available equipment (spill pallets, mats, absorbants) is used to reduce spills, leaks and drips as well as their impacts. - Tailgate safety meetings are held with all personnel prior to each construction or drilling activity. <p>The CDPHE will be notified of any upset or accidental spill (SWMP Administrator, 877-518-5608) and the spill will be cleaned up immediately and the contaminated soils will be either land farmed or land filled in accordance with State, Federal or Dolores County requirements. Where a release of hazardous substances or oil exceeds the reportable quantity established under 40 CFR 110, 40 CFR 117, or 40 CFR 302 during the 24-hour period, the operator must:</p> <ol style="list-style-type: none"> 1) Contact the SWMP Administrator (877) 518-5608; 2) Notify the National Response Center (800) 424-8802 or (202) 426-2675 3) Update the Plan within 7 days to address reoccurrences of such releases.
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4	Construction	<p>The BMP's that will be used during construction activities are based on EPA Guidance Documents and training sessions, the Colorado Discharge Permit System, the Colorado Department of Transportation training sessions and publications, good engineering practices and other Stormwater publications.</p> <p>The BMP's to be used on this project for pre/during construction will include but are not limited to be 6-9 inch diameter fiber logs, earth berms, hay bales, rock check dams, culverts and sediment traps. The post construction BMP's will be 6-9 inch diameter fiber logs, sediment traps and earth berms. The BMP's are designed specifically for this project to contain sediments on the project site with the intention of not allowing the sediments or any possible pollutants off-site, and more specifically not to reach the drainage of Cottonwood Canyon.</p> <ul style="list-style-type: none"> - The fiber logs are designed to function for flows up to 4 cubic feet per second before failure generally occurs. One third the diameter of the fiber log will be placed in ground and staked down. The fiber logs will be placed a distance of at least three feet outside the toe of the well pad, and on the downhill side of the toe of any fills and the toe of the access road until final stabilization is achieved. - The hay bales and sediment trap will be located at the lowest point of the project area, allowing for outfall of stormwater but at the same time trapping sediments before outfall occurs. - Windrow berms shall be approximately 12-inches in height by 3-feet in width and shall be constructed on the uphill and downhill sides of the well pad to allow for an outfall of stormwater but at the same time trapping sediments and potential pollutants before outfall occurs. - Should dust become a problem on the project site, then dust abatement techniques of wetting the soil to keep airborne particles down may be applied to the site or any other dust abatement techniques the contractor may select that is acceptable to Dolores County, Colorado. <p>The BMP's shall be installed on the access road and well pad before surface disturbing activities begin. The BMP's will be checked before each sequence of construction for integrity and prior to drilling completion activities or pipeline activities begin. The BMP's will remain in good working order until they are no longer necessary and final stabilization is achieved.</p>
5	Interim Reclamation	<p>Interim reclamation will be achieved in the following manner:</p> <ul style="list-style-type: none"> - Grading and establishing original grade to contour; - Restoring and replacing topsoil in non-working areas; - Constructing proper drainage; - Installing interim BMP's; - Maintaining interim BMP's and contouring.

Total: 5 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400535425	FORM 2 SUBMITTED
400535496	WELL LOCATION PLAT
400535497	TOPO MAP
400535498	DRILLING PLAN
400535499	FACILITY LAYOUT DIAGRAM
400536303	OTHER

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Surface casing to be set to a depth of 2021' and cemented to surface which is much deeper than surrounding water wells and adequate to protect shallow groundwater aquifers.	1/21/2014 10:48:36 AM
Permit	Buildings appear closer than distance reported in permit. Operator does not need to bond on if surface owner is the mineral owner.	1/10/2014 9:55:48 AM
Permit	Passed completeness.	1/7/2014 11:35:32 AM
Permit	Returned to draft: Field Name and Field Number incomplete in Well Location tab. If not an existing field, use Wildcat for field name and 99999 for field number.	1/6/2014 3:35:11 PM

Total: 4 comment(s)