

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:

400564161

APPLICATION FOR PERMIT TO:

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

Date Received:

02/28/2014

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

Well Name: Antelope

Well Number: T44-P41-18HC

Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC

COGCC Operator Number: 8960

Address: 410 17TH STREET SUITE #1400

City: DENVER

State: CO

Zip: 80202

Contact Name: Keith Caplan

Phone: (720)440-6100

Fax: (720)279-2331

Email: kcaplan@bonanzacrk.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120018

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 18 Twp: 5N Rng: 62W Meridian: 6

Latitude: 40.393790

Longitude: -104.361570

Footage at Surface: 610 feet FNL/FSL FSL 1396 feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4634

County: WELD

GPS Data:

Date of Measurement: 09/19/2013 PDOP Reading: 2.1 Instrument Operator's Name: Wyatt Hall

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 631 FSL 966 FEL 470 FNL 992 FEL
 Sec: 18 Twp: 5N Rng: 62W Sec: 18 Twp: 5N Rng: 62W

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: 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.)

5N-62W-18, Lots 1-4, E/2W/2, SE/4 and lands in other sections

Total Acres in Described Lease: 9046 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: 1545 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 1321 Feet

Railroad: 5280 Feet

Property Line: 610 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: 290 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

GWA Spacing Unit: 5N-62W-18, E/2; Containing 320.00 acres more or less

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		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 11153 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 290 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 427606 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	472	392	472	0
1ST	8+3/4	7	26	0	6966	917	6966	0
1ST LINER	6+1/8	4+1/2	11.6	6866	11153			

☒ 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	<p>Explanation of the situation that has resulted in the need to sidetrack: Drilled out the shoe of the 7" First String and had an problem with the MWD tool. MWD was reading as if it was orientated for the BHA to drill upward but kept going down. Ended up drilling out of the zone. Pulled out of hole and changed out BHA. Fought the formation trying to come out of the Carlyle. Once it came up the Codell was overshot and we ended up being in the Ft. Hayes formation. Due to the fact that the well was now going to be out of zone for over half the well is was decided to sidetrack an re-attempt to drill and remain in the codell.</p> <p>TD Reached in original borehole = 8207' 9-5/8" Surface casing set at 472' MD. 7" 1st String set at 6966' MD. No fish in hole. A 17.5 lb/gal Cement plug will be set from 7" casing shoe at 6966 ft. to approx. 7700 ft. for a total cement volume of approx. 29.4 bbls. (175 sx). Proposed kick-off point is 7000 ft. (point of no return is 7400 ft.). The sidetrack has been designed to hit the original objective formation and targets. Verbal approval for this plan was granted to Timothy Jayne by Diana Burn at 16:49 on 2/27/2014.</p>
----------	---

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

Location ID: 435653

Is this application being submitted with an Oil and Gas Location Assessment application? No

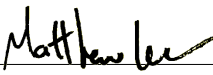
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Keith Caplan

Title: Sr. Regulatory Specialist Date: 2/28/2014 Email: kcaplan@bonanzacrk.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: 2/28/2014

Expiration Date: 02/27/2016

API NUMBER

05 123 38707 01

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

--	--

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
2	Drilling/Completion Operations	Best Management Practice for 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 COGCC with the Form 5.

Total: 2 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>
400564161	FORM 2 SUBMITTED
400564204	CORRESPONDENCE
400564432	WELLBORE DIAGRAM
400564439	DEVIATED DRILLING PLAN
400564440	DIRECTIONAL DATA

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Offset well evaluation included in original permit	2/28/2014 3:44:31 PM
Permit	Unplanned sidetrack for API # 123-38707-00.	2/28/2014 3:05:37 PM
Permit	This form has passed completeness.	2/28/2014 2:55:43 PM

Total: 3 comment(s)