

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:

400497898

APPLICATION FOR PERMIT TO:

Drill       Deepen       Re-enter       Recomplete and Operate

Date Received:

10/23/2013

TYPE OF WELL    OIL     GAS     COALBED     OTHER \_\_\_\_\_

Refilling

ZONE TYPE    SINGLE ZONE     MULTIPLE ZONES     COMMINGLE ZONES

Sidetrack

Well Name: DMGU 1289      Well Number: #18-H4  
Name of Operator: GUNNISON ENERGY CORPORATION      COGCC Operator Number: 100122  
Address: 1801 BROADWAY #1200  
City: DENVER      State: CO      Zip: 80202  
Contact Name: Brett Murray      Phone: (303)296-4222      Fax: (303)296-4555  
Email: brett.murray@oxbow.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20110179

WELL LOCATION INFORMATION

QtrQtr: SWNE      Sec: 18      Twp: 12S      Rng: 89W      Meridian: 6

Latitude: 39.017417      Longitude: -107.377686

Footage at Surface:      FNL/FSL      FEL/FWL  
1503 feet      FNL      2526 feet      FEL

Field Name: WILDCAT      Field Number: 99999

Ground Elevation: 7331      County: GUNNISON

GPS Data:

Date of Measurement: 01/22/2013    PDOP Reading: 1.3    Instrument Operator's Name: Uintah Engineering

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  
2419    FSL      2571    FWL      1789    FNL      2450    FEL  
Sec: 18    Twp: 12S    Rng: 89W      Sec: 20    Twp: 12S    Rng: 89W

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: 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.)

\_\_\_\_\_

Total Acres in Described Lease: 2560 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # 065106

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 1292 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 486 Feet  
 Building Unit: 5280 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 4181 Feet  
 Above Ground Utility: 5280 Feet  
 Railroad: 5280 Feet  
 Property Line: 2551 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: 820 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 862 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Deadman Gulch Unit Number: COC74489X

**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.)
MANCOS	MNCS			

**DRILLING PROGRAM**

Proposed Total Measured Depth: 14600 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 820 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 H<sub>2</sub>S 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: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted?                     

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	68	0	120	120	120	0
SURF	12+1/4	9+5/8	36	0	900	238	900	0
1ST	8+1/2	7+0/0	26	0	7600	288	7600	900
1ST LINER	6+1/8	4+1/2	13.5	7600	14600	859	14600	3000

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: 427218

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: Brett Murray

Title: Land Manager Date: 10/23/2013 Email: brett.murray@oxbow.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: *Matthew Lee* Director of COGCC Date: 3/21/2014

Expiration Date: 03/20/2016

**API NUMBER**  
05 051 06120 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.

<b><u>COA Type</u></b>	<b><u>Description</u></b>
	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.
	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.

**Best Management Practices**

<b><u>No BMP/COA Type</u></b>	<b><u>Description</u></b>

**Applicable Policies and Notices to Operators**

- NW Colorado Notification Policy.
- Notice Concerning Operating Requirements for Wildlife Protection.

**Attachment Check List**

<b>Att Doc Num</b>	<b>Name</b>
1792906	WELL LOCATION PLAT
1792916	DEVIATED DRILLING PLAN
400497898	FORM 2 SUBMITTED
400499890	LEASE MAP
400499969	OIL & GAS LEASE
400502876	SURFACE AGRMT/SURETY
400549941	DIRECTIONAL DATA

Total Attach: 7 Files

### General Comments

<b>User Group</b>	<b>Comment</b>	<b>Comment Date</b>
Final Review	Remove CDP reference #.	3/21/2014 7:55:28 PM
Final Review	Fixed typo in distance to Building Unit from 2850 to 5280' (consistent with other applications in package). Removed related Form 2A that was deleted (400498188) and replaced with Form 2A in process for final approval (400496466).	3/20/2014 10:50:45 AM
Permit	Final review completed. No LGD comments.	3/7/2014 8:48:55 AM
Permit	Two form 2A's for this location..	2/4/2014 9:34:59 AM
Permit	Directional data doesn't match the deviated drilling plan. Over 2000' difference in MTD.	1/22/2014 9:20:48 AM
Permit	Operator submitted "new" deviated drilling plan and distance to the nearest.....in same formation to 820'.	1/22/2014 7:04:31 AM
Permit	Received new Well location plats which match the footages given on this form. Operator requested change of footages to the nearest wellbore....in same formation to 900' and distance to the nearest unit boundary as 862'.	1/21/2014 7:10:49 AM
Permit	Requested review on the distance to the nearest wellbore ..... in the same formation, says 15' but closer to 1115'. Review of distance to nearest unit closer to 842' not the 1292' given. The Well Location plat doesn't match the footages and lat/long given for the BHL.	12/16/2013 7:30:59 AM
LGD	The LGD has no comments regarding GEC DMGU 1289 #18 H4.	10/31/2013 10:12:56 AM
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 460 FEET DEEP.	10/30/2013 9:38:23 AM
Permit	Dollar amounts removed from SUA. This form has passed completeness.	10/28/2013 10:27:22 AM
Permit	Returned to draft per operator. operator to submit a redacted SUA.	10/25/2013 2:36:33 PM
Permit	Submitting Opr is not a designated agent.	10/24/2013 1:07:41 PM

Total: 13 comment(s)