

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:

400414595

## APPLICATION FOR PERMIT TO:

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

Date Received:

01/30/2014

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☒ OTHER \_\_\_\_\_Refiling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: La Plata 33-7-16

Well Number: #1

Name of Operator: COLEMAN OIL &amp; GAS INC

COGCC Operator Number: 18160

Address: PO BOX 3337

City: FARMINGTON

State: NM

Zip: 87499

Contact Name: Michael Hanson

Phone: (505)327-0356

Fax: (505)327-9425

Email: mhanson@cog-fmn.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100065

## WELL LOCATION INFORMATION

QtrQtr: NENE Sec: 16 Twp: 33N Rng: 7W Meridian: N

Latitude: 37.108400

Longitude: -107.607220

Footage at Surface: 1063 feet FNL/FSL FNL 606 feet FEL/FWL FEL

Field Name: Ignacio Blanco

Field Number: 38300

Ground Elevation: 6577

County: LA PLATA

GPS Data:

Date of Measurement: 02/07/2012 PDOP Reading: 2.0 Instrument Operator's Name: Scott Weibe

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

 1063 FNL 750 FEL 1063 FNL 750 FEL  
 Sec: 16 Twp: 33N Rng: 7W Sec: 16 Twp: 33N Rng: 7W

## LOCATION SURFACE &amp; MINERALS &amp; 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.)

Township 33 North, Range 7 West, Section 16: NE/4NE/4

Total Acres in Described Lease: 40 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: 236 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1260 Feet

Building Unit: 1485 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 3900 Feet

Above Ground Utility: 3900 Feet

Railroad: 5280 Feet

Property Line: 240 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: 1500 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 750 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.)
FRUITLAND COAL	FRLDC	112-157	320	N/2

## DRILLING PROGRAM

Proposed Total Measured Depth: 3030 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1425 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 608

## 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:

See attached Waste Management Plan.

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
SURF	12+1/4	9+5/8	36	0	384	150	384	0
1ST	8+3/4	7+0/0	20	0	3030	472	3030	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 112-157
- ☐ 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: Robert D. Joyce

Title: Agent Date: 1/30/2014 Email: jlr@animas.net

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: 3/26/2014  
Expiration Date: 03/25/2016

**API NUMBER**

05 067 09906 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.

#### COA Type

#### Description

	<ol style="list-style-type: none"><li>1) Provide 48 hour notice of spud via COGCC form 42</li><li>2) Set at least 384' of surface casing per Rule 317 (f) cement to surface</li><li>3) Provide cement coverage of production casing from TD to surface. Verify cement coverage with Cement Bond Log.</li><li>4) The two closest water wells within 1/4 mile radius of the proposed bottom hole shall be sampled</li><li>5) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales</li><li>6) Comply with all applicable provisions of Order 112-157</li></ol>
	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

#### No BMP/COA Type

#### Description

1	Community Outreach and Notification	Rule 604.a (2)-There are no buildings or building units within 1000' of the proposed well.
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2	Pre-Construction	Rule 604.c.(2)W-Pre-construction consultation occurred at the time the Surface Damage Agreement was negotiated. In subsequent conversations with the surface owner, no changes were requested and none are anticipated.
3	Traffic control	Rule 604.c.(2)D- Access is via a gravel road off State Highway 151 approximately 2.1 miles from its intersection with State Highway 172. Well location is approximately ¾ mile from intersection at State Highway 151. Access is granted by existing Road Use agreement and in Surface Damage Agreement (both attached). Coleman agrees to comply with any CDOT traffic control requirements required for this well.
4	General Housekeeping	Rule 604.c.(2)P- Trash containers will be maintained on site. Trash will be hauled to and disposed at a commercial landfill.
5	Storm Water/Erosion Control	Wattles will be placed where necessary around the perimeter of the site prior to, or at the beginning of construction. The size and quantity of the wattles used will vary according to the location to insure adequate protection of drainage areas.
6	Material Handling and Spill Prevention	Rule 604.c.(2)G.- Berms will be constructed with corrugated metal sides and will be sufficient in height and area to contain 150% of the volume of the largest single tank. Synthetic liners will be used under tanks on location. Rule 604.c.(2)N-Any materials not in use that might constitute a fire hazard will be removed a minimum distance of twenty five feet from the wellhead, tanks and separator. No electrical equipment installations are planned inside the bermed area.
7	Construction	Rule 604.c.(2)V.- The La Plata 33-7 16#1 well will be located on a newly constructed well pad which lies within the perimeter of an abandoned gravel pit. Rule 604.c.(2)B.- no fresh water pits are planned. Rule 604.c.(2)E- An existing access road will be used and improved where necessary to meet county access requirements. No new disturbance is anticipated. Standard specifications for this access road include a driving surface constructed with with 6 inches of 3" minus gravel over a driving surface approximately 12 feet in width, crowned, with ditches and culverts where necessary for drainage. Rule 604.c.(2)M.- The tract of land where the well pad is located is perimeter fenced with a gate located approximately ¼ mile Northeast of the well location. Rule 604.c.(2)V-Does not apply as a new pad is being constructed and lies over 1000' from any building or building unit.
8	Noise mitigation	(Rule 604.c.(2)A Drilling and Completion: Due to the distance of well location from existing building units, no disturbance to inhabitants of residences in the area is anticipated. Noise levels will be monitored by operator and if exceeds acceptable levels operator agrees to install sound walls or, if necessary, provide reasonable motel accommodations for the affected party. Post-production: In the event that there are complaints due to noise levels from the well, Coleman will orient exhaust away from the affected party and will use hospital grade mufflers, buried, in series. Coleman will install sound walls if necessary
9	Drilling/Completion Operations	Rule 604.c.(2)B.- A closed loop system will be used. No fresh water pits are planned. Fresh water will be stored in above ground tanks. Per Rule 604.c.(2)C.-i.- There are producing wells within one mile of the location of the proposed La Plata 33-7 16#1 well. It is anticipated that this will be a producing well and, if so, Coleman will comply with applicable requirements under Rule 805. ii- No uncontrolled venting is anticipated (based on 500 mcf) iii-aa., bb. cc.- Coleman will use a system capable of handling 1.5 Mmcf. Anticipated flowback is 0.5 Mmcf or less. No necessity for flaring is anticipated. (Rule 604.c.(2)H.- This is not a designated setback location. Double Ram will be used. Rule 604.c.(2)I.- BOPE pressure testing will be performed weekly. 604.c.(2)K.- Pit level indicators will be used. 604.c.(2)L- Drill stem tests are not typically done and none are anticipated. Rule 604.c.(2)O- Load lines will be bullplugged Rule 604.c.(2)Q- Guy line anchors will be identified per COGCC rules and are tested before each use. Rule 604.c.(2)S. – Existing access road will be used and maintained for all weather use and will meet any safety requirements.

Total: 9 comment(s)

**Applicable Policies and Notices to Operators**

Notice Concerning Operating Requirements for Wildlife Protection.

**Attachment Check List**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
1857412	SELECTED ITEMS REPORT
400414595	FORM 2 SUBMITTED
400533678	DEVIATED DRILLING PLAN
400538084	OTHER
400538085	SURFACE AGRMT/SURETY
400538341	DRILLING PLAN
400538342	EXCEPTION LOC WAIVERS
400538829	EXCEPTION LOC REQUEST
400538891	WASTE MANAGEMENT PLAN
400548358	WELL LOCATION PLAT
400549331	DIRECTIONAL DATA

Total Attach: 11 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	3/25/2014 7:38:59 AM
Engineer	<p>The email shown below was sent to the permitter for the operator.</p> <p>*The surface casing on this APD is ordered to be deepened 134' or from 250' to a depth of 384'. This takes into account the depth of the water well depicted in the table shown below plus a 50' margin. The depth reported in the last data field in the table reflects the depth to the base of the water well and that height above sea level.</p> <p>The submitted APD sets the surface casing to depth a depth of 250' with a well site elevation of 6527'. The difference between the two equals 6277' above sea level. The depth to protect the water well is 134' deeper (6277'-6143'=134').</p> <p>This change in depth will be noted in the approved APD when returned to you. Please inform the Coleman Oil and Gas drilling people of this change.</p> <p>*Receipt=9123769, Permit=0096184-- SCOTT ANNA MARIE NWNW 16 33 N-7W *287 0 0 GW 6143'</p>	2/13/2014 4:32:02 PM
Permit	Distance to another well completed in another formation is 1425 feet which is figured from the productive interval and not the surface location. Operator agrees.	2/11/2014 9:34:37 AM
Permit	If the lease is the NENE/4 than distance to lease line is 236 feet. Operator agrees.	2/11/2014 9:30:07 AM
Permit	<p>Passed completeness.</p> <p>Note: Reviewer selected Offsite for disposal of drilling fluid and cuttings per the attached Waste Management Plan.</p>	2/4/2014 8:42:38 AM
Permit	<p>Returned to draft:</p> <p>Directional data still not uploaded. Please check/correct your spreadsheet headings, fields, records, and formats and resubmit.</p>	2/3/2014 9:50:50 AM
Permit	<p>Returned to draft:</p> <p>Contact is not a registered agent.</p> <p>Directional data not uploaded.</p> <p>Several attachments not needed for a Form 2 submittal and are required for Form 2A including: Access Road Map, Location Drawing, Construction Layout Drawing.</p>	1/31/2014 11:00:54 AM

Total: 7 comment(s)