

**APPLICATION FOR PERMIT TO:**

**Drill**       Deepen       Re-enter       Recomplete and Operate

Date Received:  
03/07/2014

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

ZONE TYPE      SINGLE ZONE     MULTIPLE ZONES     COMMINGLE ZONES

Refiling   
Sidetrack

Well Name: DOLPH      Well Number: 2N-1HZ

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: SESE      Sec: 1      Twp: 2N      Rng: 66W      Meridian: 6

Latitude: 40.161985      Longitude: -104.718547

Footage at Surface: 662 feet      FNL/FSL      FSL      755 feet      FEL/FWL      FEL

Field Name: WATTENBERG      Field Number: 90750

Ground Elevation: 4989      County: WELD

GPS Data:  
Date of Measurement: 10/29/2013    PDOP Reading: 1.8    Instrument Operator's Name: BART PFEIFER

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

500    FNL      1500    FEL      460    FNL      1500    FEL

Sec: 12    Twp: 2N    Rng: 66W      Sec: 1    Twp: 2N    Rng: 66W

**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.)

Township 2 North, Range 66 West, 6th P.M.

Section 1: Lot 2 (N/2NW/4) (79.24), S/2NW/4, S/2

Section 3: Lot 2 (N/2NW/4) (78.95), S/2NW/4, S/2

Section 11: NW/4, S/2

Section 13: NW/4, S/2

Section 15: NW/4, S/2

Section 23: NW/4, S/2

Section 25: NW/4, S/2

Township 2 North, Range 65 West, 6th P.M.

Section 5: Lot 2 (N/2NW/4) (71.79), S/2NW/4, S/2

Section 7: Lots 1 and 2 (W/2W/2) (151.48), E/2W/2, SE/4

Section 9: NW/4, S/2

Section 19: Lots 1 and 2 (W/2W/2) (143.56), E/2W/2, SE/4

Section 29: NW/4, S/2

Containing 5725.20 acres, more or less  
Weld County, Colorado

Total Acres in Described Lease: 5725 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: 1318 Feet

Building Unit: 1318 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 755 Feet

Above Ground Utility: 577 Feet

Railroad: 5280 Feet

Property Line: 660 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: 174 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:  
 02N-66W SEC 1: E/2  
 02N-66W SEC 12: N/2NE/4

**OBJECTIVE FORMATIONS**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR		400	GWA

**DRILLING PROGRAM**

Proposed Total Measured Depth: 13191 Feet  
 Distance to nearest permitted or existing wellbore penetrating objective formation: 90 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: Other  
 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	1350	510	1350	0
1ST	8+3/4	7	26	0	7859	840	7598	0
1ST LINER	6+1/8	4+1/2	11.6	6647	13191			

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: 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.  
 Cuttings disposal: Water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field depending on what is feasible at time of drilling.

Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. KMG is the operator of the encroached upon well(s). Please see attached Variance Request.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 305379

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: 3/7/2014 Email: djregulatory@anadarko.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: 4/27/2014

Expiration Date: 04/26/2016

<b>API NUMBER</b>
05 123 39335 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.

<u>COA Type</u>	<u>Description</u>
	<p>Operator acknowledges the proximity of the listed non-producing wells. Operator agrees to provide mitigation Option 3 (per the DJ Basin Horizontal Offset Policy), ensure all applicable documentation is submitted, and submit Form 42(s) "OFFSET MITIGATION COMPLETED" for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>Rehder 1 (API 123-07554)</p>
	<p>Operator acknowledges the proximity of the listed non-operated wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy), ensure all applicable documentation is submitted, and submit Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>Rehder X 6-13 (API 123-15760)                      Lemons X6-5 (API 123-15582)                      Rehder X6-03D (API 123-15757)                      Thomsen-USX X 7-4 (API 123-14547)</p>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.                      2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.                      3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.</p>
	<p>Operator acknowledges the proximity of the listed wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy), ensure all applicable documentation is submitted, and submit a Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>HSR-Federal 15-36 (API 123-14432)                      USA 39-236 (API 123-25261)</p>

## Best Management Practices

No	BMP/COA Type	Description
1	Planning	This pad location is located in a rural rangeland area. The nearest building unit is located 1318' away.
2	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.
3	Drilling/Completion Operations	<p>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.</p> <p>Please see the attached 318A.m letter for a list of well(s) identified by the operator as being within 150 feet of the proposed well(s). If no letter is attached, the operator has not identified any wells as being within 150 feet of the proposed well(s) at the time of permitting.</p>

Total: 3 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

Att Doc Num	Name
2090283	OFFSET WELL EVALUATION
2114572	DEVIATED DRILLING PLAN
2114606	ANTI-COLLISION WAIVER
2482639	SURFACE CASING CHECK
400564926	FORM 2 SUBMITTED
400567079	WELL LOCATION PLAT
400567080	PROPOSED SPACING UNIT
400567083	SURFACE AGRMT/SURETY
400567086	OPEN HOLE LOGGING EXCEPTION
400579363	DIRECTIONAL DATA
400593444	DIRECTIONAL DATA

Total Attach: 11 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Received and uploaded directional data that matches the Deviated Drilling Plan. Passes Permit review.	4/22/2014 8:02:01 AM
Permit	Operator updated the Anti-Collision Waivers for new wellpath. Offset Well Evaluation sheet has been revised.	4/21/2014 2:48:46 PM
Permit	Wellbore path from updated directional data spreadsheet does not go into section 12 on the map as planned. These data do not match the deviated drilling plan. Requested corrected directional data.	4/1/2014 1:17:23 PM
Permit	Operator previously sent in incorrect deviated drilling plan. Submitted a new one that fits the PSU. Attached plan and corrected TPZ, TD, and casing program. Operator will send revised Offset Well Evaluation sheet and reevaluate wells that may need Anti-Collision Waivers.	3/26/2014 2:43:48 PM
Agency	Received corrected Anti-collision Waiver for Dolph 16-1.	3/14/2014 3:37:51 PM
Permit	Dist to Building cannot be greater than Dist to Building Unit. Corrected distance to Building to match distance to BU. Distance to nearest lease line is 0. Nearest well penetrating the formation is Dolph 16-1 at 90'. Made the correction. Proposed Spacing Unit is too big. Rule 317.o exception granted. See attached Open Hole Logging Exception request letter.	3/13/2014 11:12:57 AM
Permit	This form has passed completeness.	3/12/2014 12:46:16 PM
Permit	Returned to DRAFT. The surface and Minerals tab information doesn't make sense as this surface is within the Proposed Spacing Unit outline.	3/10/2014 2:37:20 PM

Total: 8 comment(s)