

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:

400589929

Date Received:

05/08/2014

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refilling ☒

ZONE TYPE SINGLE ZONE ☐ MULTIPLE ZONES ☒ COMMINGLE ZONES ☒

Sidetrack ☐

Well Name: Green

Well Number: 1-7

Name of Operator: FOUNDATION ENERGY MANAGEMENT LLC

COGCC Operator Number: 10112

Address: 16000 DALLAS PARKWAY #875

City: DALLAS State: TX

Zip: 75248-6607

Contact Name: Rachel Eisterhold

Phone: (918)526-5592

Fax: (918)5851660

Email: regulatory@foundationenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20050066

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 1 Twp: 7N Rng: 60W Meridian: 6

Latitude: 40.606247

Longitude: -104.038158

Footage at Surface: 1947 feet FNL/FSL FNL 2030 feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 4942

County: WELD

GPS Data:

Date of Measurement: 03/22/2012 PDOP Reading: 1.3 Instrument Operator's Name: Brian Ritz/PFS

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 ☐ 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: 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.)

S/2 of NE/4, SW/4, and SE/4 of Section 1, Township 7 North, Range 60 West

Total Acres in Described Lease: 400 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: 620 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1947 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1947 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: 1665 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 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.)
D SAND	DSND			
J SAND	JSND			

DRILLING PROGRAM

Proposed Total Measured Depth: 7008 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1348 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Land application

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

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
SURF	12+1/4	8+5/8	24	0	600	275	600	
1ST	7+7/8	5+1/2	15.5	0	7008	200	7008	

☒ 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 The only change to this location is elimination of the drilling pit.
I certify that there have been no changes on land use, or lease description, or well construction.
The pad has not been built yet.
No drilling pit will be used.
This is a refile for Green 1-7 APD originally filed by Diversified Operating Corp.
Location assessment approved with original drilling permit.

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

Location ID: 429230

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: Scott Ryan

Title: Landman Date: 5/8/2014 Email: sryan@foundationenergy.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: 6/10/2014

Expiration Date: 06/09/2016

API NUMBER

05 123 35754 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

- 1) Provide 48 hour notice prior to spud via electronic Form 42.
- 2) Provide cement coverage of intermediate casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) 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.
- 4) If dry hole: set 60 sks cement from 50' below J-Sand to 50' above D-Sand, set 40 sks cement 50' above Niobrara top, set 50 sks cement 1/2 out, 1/2 in surface casing, 15 sks cement from 50' to surface, cut 4' below ground level, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	When Feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse on wildlife resources.
2	General Housekeeping	Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Foundation Energy Management, LLC will not permit the release or discharge of any toxic or hazardous waste on Owner's Land. Construct and maintain gates where any roads used by Foundation Energy Management, LLC, its employees, or contractors cross through fences on the leased premises.
3	Storm Water/Erosion Control	Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMP's to control storm water runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline (s).
4	Construction	Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.
5	Drilling/Completion Operations	Open hole resistivity log with gamma ray will be run to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage.
6	Interim Reclamation	Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after completion of operations. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.
7	Final Reclamation	All surface restoration shall be accomplished to the satisfaction of Owner. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).

Total: 7 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>
400589929	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed.	5/9/2014 6:55:51 AM
Permit	Oper. confirmed open hole logging program. Added logging BMP.	5/27/2014 7:20:47 AM
Permit	Delete some of the refile comments: valid 2A. Pad not built. Oper. corrected dist. to nearest well permitted/producing. Deleted dist. to unit. Oper. has been advised that if location is not built prior to 2A expiration on 6/7/2015, an amended Form 2A must be submitted and approved prior to construction. Oper. confirmed commingling of objective fms. Open hole logs?	5/16/2014 10:46:12 AM
Permit	Passed completeness	5/16/2014 9:06:53 AM
Permit	Return to draft. 1. Surface surety ID number provided but type not selected 2. Missing refile statements	5/9/2014 8:57:35 AM

Total: 5 comment(s)