



**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 1 North, Range 67 West, 6th P.M.  
 Section 10: E2, E2W2, W2SW  
 Township 2 North, Range 67 West, 6th P.M.  
 Section 28: S2SW  
 Section 34: NW

Containing 800 acres, more or less  
 Weld County, Colorado

Total Acres in Described Lease: 800 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: 981 Feet  
 Building Unit: 1109 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 2105 Feet  
 Above Ground Utility: 2105 Feet  
 Railroad: 5280 Feet  
 Property Line: 355 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: 465 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 918 Feet (Enter 5280 for distance greater than 1 mile.)

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

**SPACING & FORMATIONS COMMENTS**

UNIT CONFIGURATION:  
 01N-67W-SEC. 3: W/2E/2, E/2W/2  
 01N-67W-SEC. 10: W/2E/2, E/2W/2  
 02N-67W-SEC. 34: SW/4SE/4, SE/4SW/4

**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		720	GWA

## DRILLING PROGRAM

Proposed Total Measured Depth: 17809 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 465 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? Yes

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: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

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	1386	520	1386	0
1ST	8+3/4	7	26	0	8086	850	8086	0
1ST LINER	6+1/8	4+1/2	11.6	7088	17809			

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: Water-based drilling fluids will be used to drill the curve of the well. 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.

Oil-based drilling fluids will be used to drill the lateral of the well. KMG will reuse oil-based drilling fluids to maximum extent at which point they will be returned to the fluids manufacturer for re-conditioning or disposal at a licensed, commercial disposal site.

Cuttings disposal: Water based cuttings will be used to drill the curve of the well. If the surface owner authorizes, and if it is feasible for this location at the time of drilling, water-based cuttings will be disposed of onsite using bioremediation/solidification product.

If the surface owner does not authorize onsite disposal and/or it is not feasible for this location at the time of drilling, water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field. Oil based cuttings will be used to drill the lateral of the well. They will be disposed of offsite and at a licensed, commercial disposal site.

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: Ronett Powers \_\_\_\_\_

Title: Regulatory Analyst II Date: 4/2/2014 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: 7/2/2014

Expiration Date: 07/01/2016

### API NUMBER

05 123 39786 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-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>Suckla Farms Inj Well 1 (API 123-14291)</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 and from 200' below the Sussex to 200' above Sussex. 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>UPRR 42 Pan Am Unit J 1 (API 123-07737)            Jack Berger C 1 (API 123-08601)            Jack Berger GU "C" 2 (API 123-10039)            UPRR 42 Pan Am Unit J 2 (API 123-10201)            Frank J Suckla 1 (API 123-07214)            Suckla Farms Inc Unit F 2 (API 123-09838)            Frank J. Suckla 2 (API 123-09988)            UPRR 42 Pan Am Unit M 1 (API 123-08153)            Badding Red VV 15-3 (API 123-17214)            Badding Red VV 15-6 (API 123-17216)            Albert Sack Unit 1 (API 123-07902)            Coughlin Red VV 22-1 (API 123-16665)            Coughlin Red VV 22-2 (API 123-16666)</p>
	<p>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.</p>

## Best Management Practices

No	BMP/COA Type	Description
1	Planning	The nearest building unit is located 1109' away from this oil and gas location, therefore it is not within a Designated Setback Location and is exempt from 604.c
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
2482703	SURFACE CASING CHECK
400580926	FORM 2 SUBMITTED
400582391	OffsetWellEvaluations Data
400582411	DIRECTIONAL DATA
400582413	DEVIATED DRILLING PLAN
400582415	WELL LOCATION PLAT
400582417	PROPOSED SPACING UNIT
400582419	EXCEPTION LOC REQUEST
400598671	SURFACE AGRMT/SURETY
400599562	EXCEPTION LOC WAIVERS

Total Attach: 10 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	7/1/2014 9:45:41 AM
Permit	Per operator Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in same formation is 465' Distance to nearest permitted or existing wellbore penetrating object formation is 465'. ok to pass.	7/1/2014 9:45:32 AM
Permit	ON HOLD: Requesting confirmation of distance to nearest well permitted in the same formation. HZ to the north approx. 500'.	6/16/2014 9:14:34 AM
Permit	Removed Request for omission of open hole logging letter and added open hole COA.	6/16/2014 9:14:33 AM
Engineer	Offset wells evaluated.	6/11/2014 8:55:59 AM
Permit	ON HOLD: request removal of Exception to Open Hole Logging Rule 317.o letter and addition of Open Hole logging COA.	5/19/2014 11:43:26 AM
Permit	Operator requests approval of an Anti-Collision Waiver for Rule 318Am. Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached.	5/19/2014 11:43:25 AM
Permit	Passed completeness. Changed well plan from N/A to horizontal after verifying with directional data and deviated drilling plan. SUA covers S/2SW/4 & S/2.	5/1/2014 8:38:45 AM
Permit	Returned to draft. SUA incorrect. It covers a portion of S/2SW/4. SHL is in SWSE/4 and the map attached by opr is inconclusive for surface rights.	4/30/2014 10:54:20 AM
Permit	Returned to draft. SUA incorrect. It covers a portion of S/2SW/4. SHL is in SWSE/4 and the map attached by opr is inconclusive for surface rights.	4/8/2014 9:42:17 AM
Permit	Returned to draft. SUA covers part of the S/2SW/4. SHL is SWSE.	4/3/2014 1:17:08 PM

Total: 11 comment(s)