

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:

400605997

Date Received:

05/20/2014

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: MEAGHER

Well Number: 3-3H

Name of Operator: KGH OPERATING COMPANY

COGCC Operator Number: 47200

Address: P O BOX 2235

City: BILLINGS

State: MT

Zip: 59103-2235

Contact Name: Thomas Hohn

Phone: (406)655-3381

Fax: (406)655-3383

Email: tkhohn@hohneng.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030032

WELL LOCATION INFORMATION

QtrQtr: Lot 5 Sec: 3 Twp: 1S Rng: 104W Meridian: 6

Latitude: 39.993560

Longitude: -109.046354

Footage at Surface: 3836 feet FNL/FSL FSL 200 feet FEL/FWL FEL

Field Name: BLANCO

Field Number: 6902

Ground Elevation: 6124.2

County: RIO BLANCO

GPS Data:

Date of Measurement: 05/01/2014 PDOP Reading: 2.8 Instrument Operator's Name: C Van Matre

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.

Footage at Top of Prod Zone: FNL/FSL FNL/FWL Bottom Hole: FNL/FSL FEL/FWL  
4039 FSL 270 FWL 1749 FNL 1320 FEL  
Sec: 2 Twp: 1S Rng: 104W Sec: 2 Twp: 1S Rng: 104W

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.)

See Attachment

Total Acres in Described Lease: 3681 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: 1749 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: 5280 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1749 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: 3400 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.)
MANCOS B	MNCSB			

## DRILLING PROGRAM

Proposed Total Measured Depth: 10646 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 3400 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: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Land spreading on location with surface owner consent.

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	1000	420	1000	0
1ST	8+3/4	7+0/0	23	0	6133	615	6133	0
1ST LINER	6+1/4	4+1/4	11.6	4830	10646			

☒ 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: _____	
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: Thomas Hohn	
Title: Owner Date: 5/20/2014 Email: tkhohn@hohneng.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: 7/20/2014	
Expiration Date: 07/19/2016	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <b>API NUMBER</b>          05 103 12121 00       </div>	

### 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>
	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.
	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE. (2) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING (7" FIRST STRING) SHOE TO A MINIMUM OF 200 FEET ABOVE THE SURFACE CASING SHOE TO PROVIDE COVERAGE OF ALL MESAVERDE GROUP, FORT UNION FORMATION (IF PRESENT), WASATCH FORMATION, AND GREEN RIVER FORMATION OIL, GAS, AND WATER-BEARING SANDSTONE AND COALBED FORMATIONS. VERIFY PRODUCTION CASING CEMENT COVERAGE WITH A CEMENT BOND LOG.

### Best Management Practices

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

### Applicable Policies and Notices to Operators

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

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400605997	FORM 2 SUBMITTED
400606022	LEGAL/LEASE DESCRIPTION
400606023	WELL LOCATION PLAT
400606026	DRILLING PLAN
400606027	CORRESPONDENCE
400606028	DEVIATED DRILLING PLAN
400610931	DIRECTIONAL DATA

Total Attach: 7 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. No LGD comments.	7/15/2014 2:30:28 PM
Permit	Operator requested changes in the distance for the TOP.	7/15/2014 12:16:43 PM
Engineer	<p>THE PROPOSED SURFACE CASING SHOULD BE MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THERE ARE NO WATER WELLS WITHIN A 1-MILE OF THE SURFACE LOCATION.</p> <p>THE PROPOSED SURFACE CASING SETTING DEPTH OF 1000 FEET MAY NOT PROVIDE FULL COVERAGE OF THE GREEN RIVER FORMATION, BASED ON A REPORTED WASATCH FORMATION TOP IN AN OFFSET WELL (COORS 23-2-1S-104, 05-103-09112). MINIMUM INTERMEDIATE CASING CEMENT REQUIREMENTS ARE SHOWN IN CONDITION OF APPROVAL #2.</p> <p>Unchecked no offset wells within 1500' and entered the offset well and operator contact. No mitigation required.</p>	5/23/2014 2:06:44 PM
Permit	Passed completeness	5/20/2014 2:05:51 PM
Permit	<p>Return to draft.</p> <p>1. Longitude does not match well plat and puts well location in a different section.</p> <p>2. Missing form number in related forms, although it is selected that yes, the application is being submitted with an O&amp;G location assessment application.</p>	5/20/2014 1:13:30 PM

Total: 5 comment(s)