

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:

400677989

Date Received:

09/04/2014

#### 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: \_\_\_\_\_

Field Number: \_\_\_\_\_

Ground Elevation: 6124

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	FEL/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.)

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: 943 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:

Landspreading on location with landowner concent

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 well is a sidetrack to 103-12121-00 the vertical pilot Kickoff point is estimated to be 5376 MD
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This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 438181

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: Thomas Hohn

Title: Designated Agent Date: 9/4/2014 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: 9/5/2014  
Expiration Date: 09/04/2016

**API NUMBER**

05 103 12121 01

### 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) 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.
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### Best Management Practices

#### No BMP/COA Type

#### Description

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### 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>
1345217	WAIVERS
1345218	VARIANCE REQUEST
1345219	VARIANCE REQUEST
1345220	WAIVERS
1345221	VARIANCE REQUEST
1345222	WAIVERS
1345224	VARIANCE REQUEST
400677989	FORM 2 SUBMITTED

Total Attach: 8 Files

### **General Comments**

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Changed "Distance to nearest permitted or existing wellbore penetrating objective formation (including plugged wells) from 3400' to 943', which is the distance measured on COGCC's GIS from the toe of the planned lateral to PA well Coors 23-2-1S-104.	3/5/2014 3:14:55 PM
Permit	Operator requested expedited approval due to exigent circumstances (economic hardship). Operator submitted request letters and waivers from the LGD and surface owners. Final Review--complete.	3/5/2014 1:36:14 PM

Total: 2 comment(s)