

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:

400571010

## APPLICATION FOR PERMIT TO:

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

Date Received:

07/17/2014

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☒ OTHER \_\_\_\_\_Refilling ☒ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: IGS

Well Number: 419

Name of Operator: ELM RIDGE EXPLORATION COMPANY LLC

COGCC Operator Number: 26625

Address: 12225 GREENVILLE AVE STE 950

City: DALLAS State: TX

Zip: 75243-9362

Contact Name: Terry Lindeman

Phone: (505)632-3496

Fax: (505)632-8151

Email: tlindeman@elmridge.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100130

## WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 21 Twp: 33N Rng: 8W Meridian: N

Latitude: 37.093790

Longitude: -107.726330

Footage at Surface: 1080 feet FNL/FSL FNL 1605 feet FEL/FWL FWL

Field Name: IGNACIO BLANCO

Field Number: 38300

Ground Elevation: 6776

County: LA PLATA

GPS Data:

Date of Measurement: 03/20/2014 PDOP Reading: 2.2 Instrument Operator's Name: Scott Wiebe

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  
 1840 FSL 1650 FWL 1840 FSL 1650 FWL

Sec: 21 Twp: 33N Rng: 8W Sec: 21 Twp: 33N Rng: 8W

## LOCATION SURFACE &amp; MINERALS &amp; RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe 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: No

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.)

T33N-R8W, SEC. 16: SW/4SE/4, SE/4SW/4; SEC. 21: E/2NW/4, W/2NW/4, E/2SW/4, N/2SE/4

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: 316 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 510 Feet

Building Unit: 660 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1080 Feet

Above Ground Utility: 868 Feet

Railroad: 5280 Feet

Property Line: 317 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: 03/28/2014

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1168 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 839 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.)
FRUITLAND COAL	FRLDC	112-195	320	S/2

## DRILLING PROGRAM

Proposed Total Measured Depth: 4604 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1168 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 608

## 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:

See attached Waste Management Plan

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	500	400	500	0
1ST	7+7/8	5+1/2	17	0	4604	628	4604	0

☒ 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 closest "building" (shed or other uninhabited structure) is 510' from the well location.  
The closest "building unit" (the residence on the property) is appx 600' from the well location.

This is a refiling. The well permit was originally applied-for on 9-1-2006 and approved 10/30-2006.

I confirm the following:

1. There have been no changes to the location.
2. There have been no changes in land use or lease description.
3. Elm Ridge will be using the pad that existed at the time of the original permit application in 2006.
4. No pits will be constructed. A closed loop system will be used.
5. At the landowner's request, Elm Ridge will be reducing the size of the existing pad subsequent to completion.

Please copy me on any/all correspondence with the operator.

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

Location ID: 311913

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: Robert Joyce

Title: Agent Date: 7/17/2014 Email: jlr@animas.net

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: 9/15/2014

Expiration Date: 09/14/2016

**API NUMBER**

05 067 09262 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

	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.
	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.
	casing agreement - HOLD
	<p>1) Provide 48 hour notice via form 42</p> <p>2) Provide cement coverage of production casing from TD to surface. Verify cement coverage with Cement Bond Log.</p> <p>3) Run and submit Directional Survey for primary well bore and for each lateral section</p> <p>4) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.</p> <p>5) Sample and test two closest water wells within 1/4 mile swath of lateral wellbore Fruitland Coal (horizontal dimension – top to bottom of pay).</p> <p>6) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales</p> <p>7) Comply with all applicable provisions of Order 112-195</p> <p>8) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss &amp; receive prior approval from COGCC Regional Engineer – Mark Weems</p> <p>970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p>

## Best Management Practices

No	BMP/COA Type	Description
1	Community Outreach and Notification	Preapplication notice sent to surface owner on 3-28-2014 by registered mail/return receipt. Receipt was returned.
2	Pre-Construction	Rule 604.c.(2)W-Pre-construction consultation occurred at the time the Surface Damage Agreement was negotiated with surface owner. Also, met twice with surface owner in March 2014.
3	Traffic control	Rule 604.c.(2)D- Access is CR 318. Access gate is on the South side of of the highway. Access is granted by existing Surface Damage Agreement (attached). Elm Ridge agrees to comply with any La Plata County traffic control measures required for this well.
4	General Housekeeping	Rule 604.c.(2)P- Trash containers will be maintained on site. Trash will be hauled to and disposed at a commercial landfill.
5	Storm Water/Erosion Control	Wattles will be placed, where necessary, around the perimeter of the site prior to, or at the beginning of construction. The size and quantity of the wattles used will vary according to the location to insure adequate protection of drainage areas.
6	Material Handling and Spill Prevention	Rule 604.c.(2)F- Wells are monitored daily by the pumpers. Pressure monitoring is not necessary. Maximum reservoir pressure is approximately 1200 psig. These are low pressure gathering lines. All gathering lines are checked yearly for leaks. Per Rule 604.c.(2)G.- Berms will be constructed with corrugated metal sides and will be sufficient in height and area to contain 150% of the volume of the largest single tank. Synthetic liners are being and will be used under tanks on location. Rule 604.c.(2)N-Any materials not in use that might constitute a fire hazard will be removed a minimum distance of twenty five feet from the wellhead, tanks and separator. No electrical equipment installations are planned inside the bermed area. the beginning of construction. The size and quantity of the wattles used will vary according to the location to insure adequate protection of drainage areas.
7	Construction	Rule 604.c.(2)V.- the IGS 419 well will be located in the immediate vicinity of and within the footprint of the existing IGS 115 well pad. Rule 604.c.(2)B.- no fresh water pits are planned. Rule 604.c.(2)E- The existing well access road will be used. No new disturbance is anticipated. Standard specifications for this access road include a driving surface constructed with with 6 inches of 3" minus gravel over a driving surface approximately 12 feet in width, crowned, with ditches and culverts where necessary for drainage. Rule 604.c.(2)M.- The tract of land where the well pad is located is perimeter fenced with an entrance to well access on the existing well access road. Rule 604.c.(2)V-The existing well pad for the IGS 115 well is being used for this location.
8	Noise mitigation	Rule 604.c.(2)ADrilling and Completion: Noise levels will be monitored by operator and if exceeds acceptable levels operator agrees to install sound walls or, if necessary, provide reasonable motel accommodations for the affected party. Post-production: No necessity for engines or motorized equipment is anticipated. If such equipment becomes necessary, Elm Ridge will first try to electrify the location if it is practical and feasible. If not, they will orient exhaust away from the affected party and will use hospital grade mufflers, buried, in series. Elm Ridge will install sound walls if necessary.
9	Drilling/Completion Operations	604.c.(2)K.- Pit level indicators will be used. 604.c.(2)L- Drill stem tests are not typically done and none are anticipated. Rule 604.c.(2)O- Load lines will be bullplugged Rule 604.c.(2)Q- Guy line anchors will be identified per COGCC rules and are tested before each use. Rule 604.c.(2)S. – Existing well access road will be used and maintained for all weather use and will meet any safety requirements.

Total: 9 comment(s)

## **Applicable Policies and Notices to Operators**

Notice Concerning Operating Requirements for Wildlife Protection.

### **Attachment Check List**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
1857	SELECTED ITEMS REPORT
1857454	OFFSET WELL EVALUATION
400571010	FORM 2 SUBMITTED
400629694	SURFACE AGRMT/SURETY
400631882	TOPO MAP
400631883	WELL LOCATION PLAT
400631885	DEVIATED DRILLING PLAN
400631887	DRILLING PLAN
400645241	WASTE MANAGEMENT PLAN
400646281	DIRECTIONAL DATA

Total Attach: 10 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	<p>The following email was sent to the operator:</p> <p>Elm Ridge Exploration IGS 419 NWSE 21 33N 8W Doc #400571010</p> <p>The 5 ½" production casing top was also changed on this well from a depth of 500' to surface or zero feet. Please be sure to make note of the change and to inform your drilling engineer and drilling supervisor.</p>	9/15/2014 10:11:32 AM
Permit	Final review completed; no LGD or public comment received.	9/15/2014 7:17:29 AM
Engineer	<p>A one (1) mile radius of investigation of all offsetting and surrounding fresh water wells in relation to the proposed gas well, determined that the deepest surface casing required to protect the aquifers is a depth of 406' (includes a 50' margin of additional protection). The operator has proposed a depth of 500' which exceeds the minimal requirement by a depth of 94'. The surface casing on the proposed well will be cemented from total depth to surface. The production casing on the proposed gas well will also be cemented from total depth to surface. This will serve two purposes (1) it will isolate and confine all hydrocarbon and brackish waters to their respective zones and (2) it will provide double protection for the fresh water aquifers which includes two concentric (2) steel casing strings and two concentric external (2) cement sheaths extending from total depth to surface (see attached SELECTED ITEMS REPORT).</p> <p>A plat map was prepared for the location of the proposed gas which includes a 1500' envelope of investigation that is drawn around the bottom hole location of the proposed S-Shape directional well bore. A survey of the adjacent gas wells falling within the boundaries of the 1500' envelope was conducted. The cement tops on the production casings in regards to the two offsetting wells are deemed adequate for fracture stimulations in the proposed gas well (see OFFSET WELL EVALUATION).</p>	3/8/2014 4:28:20 PM
Permit	Fruitland Units appear to be laydown units rather than standup units. Fruitland coal unit should be S/2.	7/24/2014 5:38:34 AM
Permit	Passed completeness.	7/21/2014 1:15:43 PM
Permit	<p>Returned to draft for the following reasons:</p> <ol style="list-style-type: none"> <li>1. Under Surface &amp; Minerals please complete "Mineral owner beneath this O&amp;G location"</li> <li>2. Under submit refile statements are not present and need added.</li> </ol>	7/17/2014 11:52:37 AM

Total: 6 comment(s)