

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:
400635342

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
08/07/2014

TYPE OF WELL OIL GAS COALBED OTHER _____
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refilling
Sidetrack

Well Name: WPX GM Well Number: 728-44-33-HN1
Name of Operator: WPX ENERGY ROCKY MOUNTAIN LLC COGCC Operator Number: 96850
Address: 1001 17TH STREET - SUITE #1200
City: DENVER State: CO Zip: 80202
Contact Name: Reed Haddock Phone: (303)606-4086 Fax: (303)629-8268
Email: reed.haddock@wpxenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030107

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 28 Twp: 6S Rng: 96W Meridian: 6
Latitude: 39.489178 Longitude: -108.110338

Footage at Surface: 450 feet FNL/FSL FSL 1772 feet FEL/FWL FEL

Field Name: GRAND VALLEY Field Number: 31290
Ground Elevation: 5466 County: GARFIELD

GPS Data:
Date of Measurement: 06/03/2014 PDOP Reading: 3.8 Instrument Operator's Name: J. Kirkpatrick

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
614 FSL 658 FEL 205 FSL 667 FEL
Sec: 28 Twp: 6S Rng: 96W Sec: 33 Twp: 6S Rng: 96W

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: No

The right to construct the Oil and Gas Location is granted by: applicant is owner

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.)

SWSE Sec28-T6S-96W Lease attached.

Total Acres in Described Lease: 321 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: 301 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 774 Feet

Building Unit: 774 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 286 Feet

Above Ground Utility: 201 Feet

Railroad: 5280 Feet

Property Line: 951 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: 06/24/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1965 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 301 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

WPX Energy's application to establish a 1,132.63 acre exploratory drilling unit for horizontal and vertical well development was approved July 28th. The new setback rule - 300' N/S, 600' E/W from Unit boundary. The final Unit Conf. is not out.

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| NIOBRARA | NBRR | 547-9 | 1132 | |

DRILLING PROGRAM

Proposed Total Measured Depth: 17037 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1300 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: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse
 Cuttings Disposal: ONSITE Cuttings Disposal Method: Cuttings trench
 Other Disposal Description:

Spent drilling fluids are treated with a de-watering unit. Separated mud solids are disposed with the drill cuttings in onsite cuttings trench. Separated water is re-used for drilling, or disposed at a permitted injection well.

Beneficial reuse or land application plan submitted?
 Reuse Facility ID: or Document Number:

CASING PROGRAM

| <u>Casing Type</u> | <u>Size of Hole</u> | <u>Size of Casing</u> | <u>Wt/Ft</u> | <u>Csg/Liner Top</u> | <u>Setting Depth</u> | <u>Sacks Cmt</u> | <u>Cmt Btm</u> | <u>Cmt Top</u> |
|--------------------|---------------------|-----------------------|--------------|----------------------|----------------------|------------------|----------------|----------------|
| CONDUCTOR | 24 | 20 | 52.7# | 0 | 80 | 30 | 80 | 0 |
| SURF | 17+1/2 | 13+3/8 | 68# | 0 | 2683 | 885 | 2683 | 0 |
| 1ST | 12+1/4 | 9+5/8 | 47# | 0 | 10019 | 1242 | 10019 | 3783 |
| S.C. 1.1 | 12+1/4 | 9+5/8 | 47# | 0 | 3783 | 487 | 3783 | 1683 |
| 2ND | 7+7/8 | 5+1/2 | 23# | 0 | 17037 | 641 | 17037 | 9016 |

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: 335071

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: Reed Haddock

Title: Regulatory Specialist Sta Date: 8/7/2014 Email: reed.haddock@wpxenergy.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: 12/3/2014

Expiration Date: 12/02/2016

| |
|-------------------|
| API NUMBER |
| 05 045 22657 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>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.</p> <p>(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON FIELD NOTICE TO OPERATORS IS REQUIRED, WITH THE FOLLOWING EXCEPTION: ALL FIELD NOTICE REQUIREMENTS SPECIFIED IN THIS NOTICE TO OPERATORS ARE SUPERSEDED BY THE REQUIREMENTS OF THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY (SEE CONDITION OF APPROVAL #1). SEE ATTACHED NOTICE.</p> <p>(3) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING (9 5/8" FIRST STRING) SHOE TO A MINIMUM OF 200 FEET ABOVE ALL MESAVERDE GROUP (AND OHIO CREEK, IF PRESENT) OIL, GAS, AND WATER-BEARING SANDSTONE AND COALBED FORMATIONS. VERIFY INTERMEDIATE CASING CEMENT COVERAGE WITH A CEMENT BOND LOG.</p> <p>(4) PRODUCTION CASING (5 1/2" SECOND STRING) CEMENT TOP VERIFICATION BY CBL REQUIRED.</p> |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|---------------------|---|
| 1 | Planning | WPX will run triple-combo open hole logs in the vertical section of Niobrara wells from KOP to base of surface casing on at least one well per pad location. CBL log will also be run from KOP up to surface. MWD/LWD logs with GR will be run for the lateral portion of the wells. Form 5 Completion Reports will identify wells with open hole logs. |

Total: 1 comment(s)

Applicable Policies and Notices to Operators

| |
|---|
| Piceance Rulison Field - Notice to Operators. |
| NW Colorado Notification Policy. |
| Notice Concerning Operating Requirements for Wildlife Protection. |

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|--------------------|----------------------------|
| 400635342 | FORM 2 SUBMITTED |
| 400645650 | DEVIATED DRILLING PLAN |
| 400645651 | DIRECTIONAL DATA |
| 400648928 | OffsetWellEvaluations Data |
| 400649297 | TOPO MAP |
| 400649301 | WELL LOCATION PLAT |
| 400649898 | OIL & GAS LEASE |
| 400651659 | 30 DAY NOTICE LETTER |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------------|
| Permit | Corrected drilling and waste management as per opr. Corrected distance to nearest wellbores as per opr. Final review complete. | 11/26/2014 10:42:17 AM |
| Engineer | THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 130 FEET DEEP. Evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required. Wells within 1,500 feet of the portion of the wellbore planned for stimulation are completed in the Mesaverde group except for Williams #GM 701-4 HN1 (Niobrara completion, API #045-21487) located over 900 feet south of the toe of the planned horizontal. Added five wells to submitted offset well evaluation spreadsheet. Changed status in offset well spreadsheet from "gas" to "PR" (producing well). | 8/14/2014 1:34:52 PM |
| LGD | Pass, gdb | 8/12/2014 11:35:34 AM |
| Permit | Passed Completeness | 8/11/2014 3:03:33 PM |

Total: 4 comment(s)