

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:
400748914

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
12/10/2014

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

Refiling
Sidetrack

Well Name: DEJANE STATE Well Number: 27N-36HZX
Name of Operator: KERR MCGEE OIL & GAS ONSHORE LP COGCC Operator Number: 47120
Address: P O BOX 173779
City: DENVER State: CO Zip: 80217-3779
Contact Name: Cheryl Light Phone: (720)929-6461 Fax: (720)929-7461
Email: cheryl.light@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 36 Twp: 4N Rng: 66W Meridian: 6
Latitude: 40.263564 Longitude: -104.722789

Footage at Surface: 776 feet FNL/FSL FSL 1996 feet FEL/FWL FEL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4864 County: WELD

GPS Data:
Date of Measurement: 10/23/2013 PDOP Reading: 1.6 Instrument Operator's Name: ROB WILSON

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
298 FNL 1538 FEL 460 FNL 1517 FEL
Sec: 1 Twp: 3N Rng: 66W Sec: 36 Twp: 4N Rng: 66W

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: 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.)

Township 4 North, Range 66 West, 6th P.M.
 Section 36: All
 Containing 640 acres, more or less
 Weld County, Colorado

Total Acres in Described Lease: 640 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: 75 Feet
 Building Unit: 599 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 773 Feet
 Above Ground Utility: 1860 Feet
 Railroad: 5280 Feet
 Property Line: 651 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: 12/27/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 148 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

UNIT CONFIGURATION:
 4N 66W SEC 36: E/2
 3N 66W SEC 1: N/2NE/4

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		400	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 13026 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 148 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Other

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	1281	490	1281	0
1ST	8+3/4	7	26	0	7875	830	7875	0
1ST LINER	6+1/8	4+1/2	11.6	7109	13026			

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

While drilling the horizontal portion of the DeJane State 27N-36HZ, the wellbore inclination increased to 97 degrees which is outside of our acceptable limits. We are requesting to sidetrack the well and will target the same bottom hole location.

DeJane State 27N-36HZ well info:

- a. Explanation of situation and why you need to sidetrack - Inclination increased to 97 degrees, this is outside of acceptable limits for drilling and completing a well
- b. Total measured depth reached (also have TVD) - 11,726'MD / 7,115' TVD
- c. Casing sizes set and measured depth - 9.625" @ 1,281'MD/1,281'TVD, 7" @ 7,858' MD/7,106' TVD
- d. Description of fish-including top and bottom - No fish in the hole
- e. Type of cement you will be using including weight, yield, and sacks. - This is an Open hole sidetrack, no cement.
- f. Measured depth and TVD of sidetrack point - 10,939' MD / 7,120' TVD
- g. Proposed target formation of sidetrack hole if different than permitted - Remains a Niobrara target
- h. BHL of sidetrack hole. Note if this is a change from permit - BHL has changed - New Plat attached.
- j. A hand drawing of wellbore including where cement will be, fish is, and sidetrack will be: See Attachment

OTHER DISPOSAL DESCRIPTION:

Drilling fluids disposal: 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. Cuttings disposal: 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.

Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.n for this well. KMG is the operator of the encroached upon well(s). Please see attached Anti-Collision Waiver.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 327868

Is this application being submitted with an Oil and Gas Location Assessment application? No

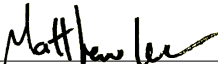
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: CHERYL LIGHT

Title: SR. REGULATORY ANALYST Date: 12/10/2014 Email: DJREGULATORY@ANADARK

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: 12/10/2014

Expiration Date: 12/09/2016

API NUMBER

05 123 39964 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.

<u>COA Type</u>	<u>Description</u>
	<p>1) 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 Shannon to 200' above Shannon. Verify coverage with cement bond log.</p> <p>2) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to 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 non-operated wells: Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") for the remediated DeJane Well Pad 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. 12-31A HSR-KIRKHAM (API NO 123-15257)4-31 HRS-BREST (API NO 123-15165) 5-31 HSR-MASSEY (API NO 123-15256)</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) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("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. 8-36 HSR-YOUNG (API NO 123-15437)10-36 HSR-HEARST (API NO 123-15260) 11-36A HSR-CONLEY (API NO 123-15275)1-36 HSR-ACKER (API NO 123-15435) 15-36 HSR-EBAUGH (API NO 123-15259)16-36 HSR-SALINSKY (API NO 123-15200) 2-36 HSR-CORVI (API NO 123-15436)31-1#1A WENINGER UPRR (API NO 123-12698) 9-36 HSR-CARROLL (API NO 123-15199)WENINGER UPRR 42-1 (API NO 123-13299)</p>

Best Management Practices

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

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

<u>Att Doc Num</u>	<u>Name</u>
400748914	FORM 2 SUBMITTED
400748994	CORRESPONDENCE
400748995	WELL LOCATION PLAT
400748997	DIRECTIONAL DATA
400749378	WELLBORE DIAGRAM
400749379	DEVIATED DRILLING PLAN

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	This well is a sidetrack for 123-39964-00 DeJane State 27N-36HZ. Permitting Review Completed.	12/10/2014 2:37:45 PM
Engineer	Offset Wells Evaluated.	12/10/2014 1:20:56 PM
Permit	This form has passed completeness.	12/10/2014 12:40:50 PM

Total: 3 comment(s)