

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:

400731070

APPLICATION FOR PERMIT TO:

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

Date Received:

11/20/2014

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: State Antelope

Well Number: B12-V42-2HNC

Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC

COGCC Operator Number: 8960

Address: 410 17TH STREET SUITE #1400

City: DENVER

State: CO

Zip: 80202

Contact Name: Keith Caplan

Phone: (720)440-6100

Fax: (720)279-2331

Email: kcaplan@bonanzacrk.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120018

WELL LOCATION INFORMATION

QtrQtr: SWNW Sec: 2 Twp: 5N Rng: 62W Meridian: 6

Latitude: 40.432924

Longitude: -104.298767

Footage at Surface: 1399 feet FNL/FSL FNL 354 feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4646

County: WELD

GPS Data:

Date of Measurement: 09/23/2014 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 FNL/FWL Bottom Hole: FNL/FSL FEL/FWL
 1650 FNL 631 FWL 1650 FNL 470 FEL
 Sec: 2 Twp: 5N Rng: 62W Sec: 2 Twp: 5N Rng: 62W

LOCATION SURFACE & MINERALS & 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: 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.)

T5N-R62W: Section 2: Lots 1-4, S2N2, S2

Total Acres in Described Lease: 644 Described Mineral Lease is: ☐ Fee ☒ State ☐ Federal ☐ Indian

Federal or State Lease # OG8039.4

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 470 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: 1200 Feet

Above Ground Utility: 1304 Feet

Railroad: 5280 Feet

Property Line: 354 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: 58 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

GWA Spacing Unit = Section 2-T5N-R62W: Lots 1-4 & S/2N/2.

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		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 10915 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 58 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: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 427606 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	410	200	410	0
1ST	8+3/4	7	26	0	6630	500	6630	2500
1ST LINER	6+1/8	4+1/2	11.6	6530	10915			

☒ 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: Keith Caplan	
Title: Sr. Regulatory Specialist Date: 11/20/2014 Email: kcaplan@bonanzacrk.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: 1/21/2015	
Expiration Date: 01/20/2017	
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> API NUMBER 05 123 41046 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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) 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.
	Operator acknowledges the proximity of the listed well: 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. GRACE STATE 2-1 (API NO 123-10130)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Best Management Practices for Anti-Collision. Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.
2	Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.

Total: 2 comment(s)

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>
2238312	ANTICOLLISION LETTER
400731070	FORM 2 SUBMITTED
400734301	EXCEPTION LOC REQUEST
400734303	EXCEPTION LOC WAIVERS
400737646	OffsetWellEvaluations Data
400737648	WELL LOCATION PLAT
400737649	DEVIATED DRILLING PLAN
400737650	DIRECTIONAL DATA
400739016	PROPOSED SPACING UNIT

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	1/20/2015 10:26:58 AM
Permit	Operator submitted revised Anticollision Letter. Objection to PSU was received after 30 day, objection is invalid.	12/18/2014 2:08:47 PM
Permit	Operator corrected distance to public road. Anti-collision letter references wrong well. Emailed operator to correct.	12/17/2014 10:44:23 AM
Engineer	Offset Wells Evaluated.	12/2/2014 2:07:32 PM
Permit	Changed Qtr/Qtr to SWNW. Checked relevant exceptions. Passed completeness.	11/24/2014 3:58:11 PM
Permit	Requested operator to update location from Lot 4 to SWNW Sec 2, T5N, R62W to reflect information on well plat.	11/24/2014 1:56:36 PM
Permit	Returned to draft: Issue pertaining to the Well Location Plat and the Proposed Spacing Unit. The footage distances at the top of prod. zone and at BH are not consistent between: 1) the Well Location Plat, 2) the Proposed Spacing Unit Plat, and 3) the reference line listed near the top of the PSU letter. PSU objection on map has been resolved.	11/21/2014 2:01:09 PM
Permit	Requested clarification from operator in regards to objection to PSU on map.	11/21/2014 9:39:13 AM

Total: 8 comment(s)