

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:

400659785

APPLICATION FOR PERMIT TO:

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

Date Received:

11/19/2014

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

Well Name: Schaefer

Well Number: 25-1-4HC

Name of Operator: WARD PETROLEUM CORPORATION

COGCC Operator Number: 10359

Address: PO BOX 1187

City: ENID State: OK Zip: 73702

Contact Name: Andrea Gross

Phone: (303)942-0506

Fax: ()

Email: agross@upstreampm.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100221

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 24 Twp: 1S Rng: 67W Meridian: 6

Latitude: 39.944510

Longitude: -104.834790

Footage at Surface: 434 feet FNL/FSL FSL 1950 feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5022

County: ADAMS

GPS Data:

Date of Measurement: 04/11/2014 PDOP Reading: 1.7 Instrument Operator's Name: Robert Daley

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

 460 FNL 1320 FEL 460 FSL 1320 FEL
 Sec: 25 Twp: 1S Rng: 67W Sec: 25 Twp: 1S Rng: 67W

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: 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.)

Please see attached Lease Map

Total Acres in Described Lease: 147 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: 488 Feet
Building Unit: 606 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 415 Feet
Above Ground Utility: 449 Feet
Railroad: 1034 Feet
Property Line: 434 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: 10/20/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 2377 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): 5280 Unit Number: _____

SPACING & FORMATIONS COMMENTS

Section 25 has been forced pooled under Order No. 407-1077.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODLL	CODL	407-1036	640	All

DRILLING PROGRAM

Proposed Total Measured Depth: 12489 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 56 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: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? No

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	1200	995	1200	0
1ST	8+3/4	7	26	0	8128	817	8128	3000
1ST LINER	6+1/8	4+1/2	11.6	7928	12489			

☒ 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	<p>Distance to nearest Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation was measured from the Landing Point of the proposed well to the permitted/planned directional of the Sharp 24-3-9HC.</p> <p>Distance to nearest permitted or existing wellbore penetrating objective formation was measured to the Huebner 25-44. The Huebner 25-44 is a PA'd well therefore no Anti-Collision letter is required.</p>
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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: Andrea Gross

Title: Permit Agent Date: 11/19/2014 Email: agross@upstreampm.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: 1/28/2015

Expiration Date: 01/27/2017

<p>API NUMBER</p> <p>05 001 09842 00</p>

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
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU..</p> <p>2) 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 Sussex to 200' above Sussex. Verify coverage with cement bond log.</p> <p>3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in Commission orders or rules prior to producing the well.</p>
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Rule 305.h (effective 9/30/2014)
	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.

Best Management Practices

No	BMP/COA Type	Description
1	Material Handling and Spill Prevention	Leak Detection Plan: To ensure protection for the surface during fracturing treatment, the location will be specifically constructed to contain any releases or spills. Secondary containment from any chemical spills or leaks will surround any trucks that carry, mix, or add chemicals to the flow stream as well as connections that could possibly leak fluid. Should any spill or release occur, every reasonable step will be taken to quickly remediate the area disturbed.
2	Material Handling and Spill Prevention	Control of Fire Hazards: Ward and its contractor's employ best management practices during the drilling and production of its wells and facilities. They will comply with appropriate COGCC and any county rules concerning fire and safety. Ward will ensure that any flammable material will remain no less than 25 feet from the wellhead (s), tanks and separator(s).
3	Material Handling and Spill Prevention	Berm Construction: A containment berm will be constructed around the oil and water storage tanks. The berm will be inspected regularly and maintained in good condition.
4	Material Handling and Spill Prevention	Tank specifications: Tanks shall be constructed and maintained in accordance with the National Fire Protection Association Code 30 (2008 version). All tanks will be visually inspected once a day for issues. Recorded inspections will be conducted once a month pursuant to 40 CFR §112.
5	Drilling/Completion Operations	Closed Loop System: Closed Loop System will be used for drilling and fluid management. No reserve pit will be used.
6	Drilling/Completion Operations	Green Completions: Ward will comply with COGCC Rule 805b.(3)A and utilize Green Completion Methods.
7	Drilling/Completion Operations	<p>BOPE Testing: Upon initial rig-up and once every 30 days during drilling operations, pressure testing of the casing string and each component of the BOPE will be performed to 70% of working pressure or 70% of the internal yield of the casing, whichever is less.</p> <p>BOPE for well servicing operations: Adequate blowout prevention equipment will be used on any servicing operations associated with this well. Backup staving valves shall be required on well servicing operations during reverse circulation. Valves will be pressure tested before each well servicing operation using both low-pressure and high-pressure fluid.</p> <p>BOPE: Ward will utilize drilling rigs with a minimum of a double ram and annular preventer.</p>
8	Drilling/Completion Operations	Drill Stem Tests: Drill Stem Tests are not anticipated for this location.
9	Drilling/Completion Operations	Pit Level Indicators: Pit Level Indicators will not be needed as no pits will be used on location.

Total: 9 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>
1696454	SURFACE AGRMT/SURETY
1696455	EXCEPTION LOC REQUEST
400659785	FORM 2 SUBMITTED
400735275	OffsetWellEvaluations Data
400735277	DIRECTIONAL DATA
400735280	DEVIATED DRILLING PLAN
400735283	MINERAL LEASE MAP
400735290	WELL LOCATION PLAT

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. LGD comment addressed (see COA's on form 2A); no public comment received.	1/28/2015 9:08:03 AM
Permit	Received and attached 318A.a Exception Location Request letter. Attached SUA with signatures for operator and surface owner. Per operator added to operator comments "The Huebner 25-44 is a PA'd well therefore no Anti-Collision letter is required." Permitting Review Completed.	1/9/2015 8:56:16 AM
Permit	Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request attached. Waivers for Exception Location and Twinning in SUA. (Page 1, Section 3 and Page 3, Section 9.)	1/9/2015 8:56:15 AM
Permit	ON HOLD: requesting A 318A.a Exception Location Request letter. (location subject to 318A Rules.) A comment as to where the waivers are in SUA. An additional page with Operator's signature for SUA. I would like to add to operator comments "The Huebner 25-44 is a PA'd well therefore no Anti-Collision letter is required."	1/6/2015 11:22:00 AM
LGD	It appears as though this site will use existing access points. Adams County requires permits to move the Oil and Gas Drilling Rig both into and out of this location. If this well site is placed into production, an On-Site Oil and Gas Production Facilities permit will also be required. There is a potential that this location will lie within adjudicated flood plain. Please contact Mr. Mark Russell at 720-523-6821 for information regarding the Rig Move Permits. Please contact Mr. Greg LaBrie at 720-523-6824 for information regarding the possible Flodd Plain Use Permit.	11/21/2014 3:47:02 PM
Permit	Passed completeness.	11/21/2014 2:09:35 PM
Permit	Returned to Draft: 1. Surface Use & Minerals have right to construct listed as SUA, but it is not in attachments.	11/20/2014 8:01:24 AM

Total: 7 comment(s)