

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:

400833802

Date Received:

05/04/2015

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER \_\_\_\_\_

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: Piceance Fed

Well Number: 28-03M

Name of Operator: PICEANCE ENERGY LLC

COGCC Operator Number: 10433

Address: 1512 LARIMER STREET #1000

City: DENVER

State: CO

Zip: 80202

Contact Name: Wayne P Bankert

Phone: (970)812-5310

Fax: (303)339-4399

Email: wbankert@laramie-energy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120081

WELL LOCATION INFORMATION

QtrQtr: SWNW Sec: 28 Twp: 9S Rng: 93W Meridian: 6

Latitude: 39.251044

Longitude: -107.779536

Footage at Surface: 1566 feet FNL/FSL FNL 1204 feet FEL/FWL FWL

Field Name: VEGA

Field Number: 85930

Ground Elevation: 7556

County: MESA

GPS Data:

Date of Measurement: 03/11/2015 PDOP Reading: 1.5 Instrument Operator's Name: Brian Baker

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 FNL/FWL  
625 FNL 2632 FWL 625 FNL 2632 FWL  
Sec: 28 Twp: 9S Rng: 93W Sec: 28 Twp: 9S Rng: 93W

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: 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.)

Township 9S Range 93W 6th PM Mesa County, CO  
Sec. 27: W2W2, NENW  
Sec. 28: E2, NENW  
Sec. 29: W2W2, SESW, S2SE  
Sec. 30: SESW, Lot 4

Total Acres in Described Lease: 922 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC-64786

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 625 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2389 Feet  
Building Unit: 5280 Feet  
High Occupancy Building Unit: 5280 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 5280 Feet  
Above Ground Utility: 2338 Feet  
Railroad: 5280 Feet  
Property Line: 1566 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: 250 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 625 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

## SPACING & FORMATIONS COMMENTS

Section 28 All: Communitized BLM COC-76683

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK-ILES	WFILS	399-9	640	Sec 28 All

## DRILLING PROGRAM

Proposed Total Measured Depth: 8250 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 250 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 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:

Cuttings to be tested to 910 standards and will be buried on location. Drillig mud will be recycled/reused in other drilling operations. Once all drilling operations are completed, the drilling mud will be disposed of at a commercial disposal facility.

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
CONDUCTOR	20+0/0	16+0/0	42.0	0	40	70	40	0
SURF	11+0/0	8+5/8	24.0	0	1573	306	1573	0
1ST	7+7/8	4+1/2	11.6	0	8250	1381	8250	1022

☐ 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

Location Drawing  
Production Layout  
Access Road Map  
Hydrology Map  
Stormwater BMP's  
Wildlife BMP's  
Submitted as part of Location Assessment No. 334427

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

Location ID: 334427

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: Wayne P Bankert

Title: Senior Reg. & Env. Coord. Date: 5/4/2015 Email: wbankert@laramie-energy.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: 6/8/2015

Expiration Date: 06/07/2017

### API NUMBER

05 077 10241 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

	(1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.  (2) Operator shall comply with the Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison fields, Garfield County and Mesa County – Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22, and 369-2 (July 8, 2010). See attached notice.  (3) Operator shall provide cement coverage from the production casing shoe to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.
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## Best Management Practices

### No BMP/COA Type

### Description

1	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged open-hole with a triple combo log (HRI w/ SP,GR, CAL and Spectral Density/Dual Spaced Neutron) from TD into the surface casing. All wells on the pad will have a radial analysis bond log with gamma-ray run on production casing from TD to surface after rig moves off pad. All wells not logged with an open hole log will have a cased hole NEO neutron emulated open hole log run from TD to surface. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run
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Total: 1 comment(s)

## Applicable Policies and Notices to Operators

NW Colorado Notification Policy.
Bradenhead Pressure Reporting-Garfield County (Mamm Creek & Rulison Fields) Mesa County (Buzzard Field).
Notice Concerning Operating Requirements for Wildlife Protection.

## Attachment Check List

### Att Doc Num

### Name

400833802	FORM 2 SUBMITTED
400834073	DIRECTIONAL DATA
400834074	DRILLING PLAN
400834075	WELL LOCATION PLAT
400834076	DEVIATED DRILLING PLAN

Total Attach: 5 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	5/8/2015 8:58:56 AM
Permit	Opr states that building at 2350' is an old quonset hut used for storage, and the nearest building unit is over a mile away to the South. The 2A shows the BU at 2350' which is an error and should have said 5280'. Drilling and waste program matches form 2A. Added Sec 28 to Unit configuration as per opr.	5/2/2015 4:23:06 PM
Engineer	Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required.  Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 72 feet.	5/7/2015 2:06:25 PM
Permit	In the Related Forms tab the Memo was changed to reflect the name of the well pad from "Location 28-05 (334427) Approval" to "Piceance 28-05 Pad". Passed completeness.	5/6/2015 1:38:39 PM
Permit	Returned to draft per Operator request to revise open-hole logging BMP.	5/5/2015 8:02:03 AM

Total: 5 comment(s)