

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:

400870197

Date Received:

07/17/2015

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☒ OTHER Lateral #2

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☒

Well Name: Lynch 34-6-18

Well Number: 1

Name of Operator: CATAMOUNT ENERGY PARTNERS LLC

COGCC Operator Number: 10464

Address: 1801 BROADWAY #1000

City: DENVER State: CO Zip: 80202

Contact Name: Nolan Redmond

Phone: (720)484-2344

Fax: (720)484-2363

Email: nredmond@catamountep.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130096

WELL LOCATION INFORMATION

QtrQtr: SWNW Sec: 18 Twp: 34N Rng: 6W Meridian: M

Latitude: 37.193520

Longitude: -107.549560

Footage at Surface: 1774 feet FNL/FSL FNL 211 feet FEL/FWL FWL

Field Name: IGNACIO BLANCO

Field Number: 38300

Ground Elevation: 6858

County: LA PLATA

GPS Data:

Date of Measurement: 03/13/2014 PDOP Reading: 2.1 Instrument Operator's Name: Scott Weibe

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 1976 FNL 851 FWL 1951 FNL 681 FEL FEL
Sec: 18 Twp: 34N Rng: 6W Sec: 18 Twp: 34N Rng: 6W

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: Bond

Surface damage assurance if no agreement is in place: Blanket

Surface Surety ID: 20130097

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.)

NW/4 S18U T34N R6W

Total Acres in Described Lease: 160 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: 994 Feet
Building Unit: 994 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 202 Feet
Above Ground Utility: 891 Feet
Railroad: 5280 Feet
Property Line: 171 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: 06/11/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1200 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 681 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
FRUITLAND COAL	FRLDC	112-215	320	N/2

DRILLING PROGRAM

Proposed Total Measured Depth: 6474 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1200 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? Yes

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 608

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?

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	12+1/4	9+5/8	36	0	400	155	400	0
1ST	8+3/4	7	26	0	3085	480	3085	0
1ST LINER	6+1/8	2+7/8	6.5	2553	6469			

☒ 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 for Lateral #2 of the Lynch 34-6-18 #1 API #05-067-09920. Drill order will be as follows: 1 - Lateral #1 2 - Lateral #1 ST #1 3 - Lateral #2
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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? _____ No

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

Signed: _____ Print Name: Nolan Redmond

Title: Geo/Eng Tech Date: 7/17/2015 Email: nredmond@catamountep.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: 8/15/2015

Expiration Date: 08/14/2017

API NUMBER

05 067 09920 03

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) Provide 48 hrs Notice of Spud via COGCC eform 42</p> <p>2) Sample and test two closest water wells within a 1/4 mile of that portion of the wellbore pathway that cuts through the Fruitland Coal (Horizontal dimension – Top to bottom of pay) (Rule 608) (see Policy-Ignacio Blanco Field – Notice to Operators 7/10/2009 and revised on 2/17/2011).</p> <p>3) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales (Rule 608)</p> <p>4) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss & receive approval within 24 hrs of occurrence from COGCC Regional Engineer – Mark Weems</p> <p>970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p> <p>5) Contact COGCC Regional Engineer – Mark Weems when encountering a well control issue, unexpected water flows, and unexpected Hydrogen Sulfide.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Drilling mud or brine will be contained in above ground steel tanks. Drill cuttings and solids that have been separated from the drilling fluid by the shale shakers, mud cleaner or centrifuge will be captured in above ground portable steel cuttings bins and hauled to a 3rd party disposal site that is permitted as required by applicable State and Federal rules and regulations. Excess drilling fluid will be stored in above ground portable steel tanks and will be transferred to the active circulating system as needed. At the completion of drilling activity remaining drilling fluid will be used on another well or disposed of as allowed by Local, State and Federal law. The well pad will have a secondary containment berm to prevent spills, releases, and pollution. The berm will be capable of containing 110% of the fluids stored on location.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
1857631	SELECTED ITEMS REPORT
400870197	FORM 2 SUBMITTED
400870214	DIRECTIONAL DATA
400870215	OTHER
400870216	WELL LOCATION PLAT
400870217	MULTI-WELL PLAN
400870218	DEVIATED DRILLING PLAN
400870313	OffsetWellEvaluations Data
400870350	WELLBORE DIAGRAM

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.	8/11/2015 8:51:10 AM
Engineer	No PA wells were found to exist within ¼ mile of the well bore penetrating the Fruitland coal. All wells within 1500' of this lateral are adequately cased and cemented. There are no conventional wells within 1320' of this lateral.	3/4/2015 3:24:39 PM
Engineer	This APD pertains just to the Coal Bed Methane (CBM) upper lateral portion of the well. Both the surface and production casings were previously assessed and approved in the constant angle (straight line) pilot well and have been carried forward with this permit for reference purposes. Initial drilling on all laterals will commence at a depth near the bottom end of the production casing depicted in the pilot well (API ex "00"). The casing in this lateral will be a slotted liner and will not be cemented in place. These laterals will be completed naturally and will not be fracture stimulated. The Statewide HZ Offset Well Policy does not apply to horizontal wells not being fracture stimulated in the pay zone.	3/4/2015 3:24:14 PM
Permit	Passed completeness.	7/21/2015 11:38:06 AM
Permit	Contacted operator and returned to draft for the following reasons: 1) Sidetrack should be selected. 2) Specify in the comments section the order in which each lateral will be drilled so that the appropriate sidetrack API designation can be input by COGCC. 3) Spacing order number is incorrect. 4) Check liner setting depth. 5) Input API.	7/21/2015 8:13:14 AM

Total: 5 comment(s)