

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL OIL GAS COALBED OTHER UNPLANNED Refilling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES Sidetrack

Date Received:

Well Name: ADAMSON Well Number: 37C-28HZX

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: NESW Sec: 21 Twp: 2N Rng: 65W Meridian: 6

Latitude: 40.123312 Longitude: -104.673688

Footage at Surface: 2383 feet FNL/FSL FSL 1322 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4892 County: WELD

GPS Data:
Date of Measurement: 12/05/2014 PDOP Reading: 1.1 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
<u>2591</u>	FSL	<u>1946</u>	<u>2381</u>	FSL	<u>1908</u>
		FWL			FWL
Sec: <u>21</u>	Twp: <u>2N</u>	Rng: <u>65W</u>	Sec: <u>28</u>	Twp: <u>2N</u>	Rng: <u>65W</u>

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: 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.)

Township 2 North, Range 65 West, 6th P.M.
Section 21: SW/4
Weld County, Colorado
Containing 160.00 acres, more or less

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: 1482 Feet
Building Unit: 1482 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 1322 Feet
Above Ground Utility: 253 Feet
Railroad: 5280 Feet
Property Line: 290 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: 227 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 689 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

2N-65W-21 SENW, E2SW; 28 E2NW, NESW

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		240	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 13153 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 49 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? Yes

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:

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	1858	530	1858	0
1ST	7+7/8	5+1/2	17	0	13143	1541	13143	0

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

Diana Burn provided verbal approval for a request for an unplanned sidetrack on 08/20/15 (See attached e-mail for correspondence).

An open hole sidetrack will be initiated at 7,365' MD. The operation will begin by troughing the existing wellbore, and then time drilling with a controlled slide. The sidetrack well plan has us low siding to the right of the existing wellbore until we gain approx 1.5' of separation. At that time we will roll the assembly back and track towards the original well plan.

- a. Well name and API
- Adamson 37C-28HZ
- API: 05-123-41819
- b. Explanation of situation and why you need to sidetrack
- A suspected MWD malfunction caused us to deviate from the line while drilling the curve section. The directional driller initiated a slide at 7556' MD to build inclination, and the assembly did the opposite by dropping downwards. This put us in the Carlile formation.
- c. Total measured depth reached (also have TVD)
- 7,698' MD (projection to bit)
- 7,266' TVD
- d. Casing sizes set and measured depth
- 9-5/8" set at 1,858'
- e. Description of fish-including top and bottom
- N/A
- f. Description of cement plugs
- N/A
- g. Type of cement you will be using including weight, yield, and sacks. If an open hole sidetrack make that point clear
- N/A
- h. Measured depth and TVD of sidetrack point
- 7,365' MD
- 7,127' TVD
- i. Proposed target formation of sidetrack hole if different than permitted
- Same as permitted
- j. BHL of sidetrack hole. Note if this is a change from permit
- BHL unchanged

OTHER DISPOSAL DESCRIPTION:

Drilling fluids disposal: KMG will reuse water-based drilling fluids to the maximum extent possible, at which point they will either be land applied or taken to a licensed, commercial disposal site; the decision will be based upon laboratory analysis of fluids.

KMG will reuse oil-based drilling fluids to the maximum extent possible, at which point they will be returned to the fluids manufacturer for reconditioning or disposal at a licensed, commercial disposal site.

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.
Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site.

This proposed well will have a treated interval less than one hundred fifty (150) feet from the treated interval of another well and is subject to COGCC Rule 317.s.

The well(s) belong to Kerr-McGee and will have treated intervals within one hundred fifty (150) feet of this proposed well:
ROLAND X 28-3 at 49'
MEGUIRE X 21-06
MEGUIRE 29N-16HZ

The right to construct this location is granted by an oil and gas lease.

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

Location ID: 442380

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: _____ Email: DJREGULATORY@ANADARK

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: _____

Expiration Date: _____

API NUMBER

05 123 41819 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.

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	This proposed oil and gas location is located in a rural rangeland area. The nearest building unit is located 1482' away.
2	Drilling/Completion Operations	Kerr McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
3	Drilling/Completion Operations	Anti-Collision: Kerr-McGee will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within one hundred fifty (150) feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators within one hundred fifty (150) feet prior to drilling.
4	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with cased-hole pulsed neutron log with gamma ray log from TD to into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. 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 shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well.

Total: 4 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400888053	DEVIATED DRILLING PLAN
400888055	PROPOSED SPACING UNIT
400888058	CORRESPONDENCE
400888059	CORRESPONDENCE
400888060	DIRECTIONAL DATA
400888061	PLAT
400888067	OPEN HOLE LOGGING EXCEPTION
400888071	EXCEPTION LOC REQUEST
400888072	EXCEPTION LOC WAIVERS
400888076	OffsetWellEvaluations Data
400888198	WELLBORE DIAGRAM

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)