

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:

400922868

APPLICATION FOR PERMIT TO:

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

Date Received:

11/16/2015

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

Well Name: Sharp

Well Number: 25-1-12HC

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: SWSW Sec: 24 Twp: 1S Rng: 67W Meridian: 6

Latitude: 39.944030

Longitude: -104.845940

Footage at Surface: 250 feet FNL/FSL FSL 220 feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5019

County: ADAMS

GPS Data:

Date of Measurement: 10/05/2015 PDOP Reading: 1.5 Instrument Operator's Name: Scott Estabrooks

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 480 FWL 460 FSL 480 FWL
 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: 41 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: 572 Feet
Building Unit: 586 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 239 Feet
Above Ground Utility: 218 Feet
Railroad: 1758 Feet
Property Line: 220 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: 10/22/2015

SPACING and UNIT INFORMATION

Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 840 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): _____ 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.)
CODELL	CODL	407-1036	640	S. 25:All

DRILLING PROGRAM

Proposed Total Measured Depth: 12502 Feet

Distance from proposed wellbore to nearest existing or permitted wellbore belonging to another operator:

2200 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:

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	13+1/2	9+5/8	36	0	1500	509	1500	0
1ST	8+3/4	5+1/2	20	0	12502	1609	12502	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 Distance from completed portion of the wellbore to nearest wellbore permitted or completed in the same formation was measured to the Sharp 25-1-10HC. Distance to nearest permitted or existing wellbore penetrating objective formation was measured to the Sharp 25-1-10HC.

This application is in a Comprehensive Drilling Plan _____ No _____ CDP #: _____

Location ID: 436062

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: 11/16/2015 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: 6/29/2016

Expiration Date: 06/28/2018

API NUMBER

05 001 09954 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) Note surface casing setting depth change from 1200' to 1500' to meet minimum well control requirements. Cement volume shall be increased accordingly to provide full coverage from total depth to surface.
- 2) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 3) Comply with Rule 317.j and provide cement coverage from end of 5 1/2" casing to a minimum of 200' above Niobrara and from 200' below the Sussex to 200' above Sussex. Verify coverage with cement bond log.
- 4) Bradenhead test shall be performed within 30 days of rig release and prior to stimulation. Test results shall be submitted on Form 17 within 10 days of test.
- 5) Bradenhead test shall be performed between 6 and 7 months after rig release and shall be submitted on Form 17 within 10 days of test.
- 6) Bradenhead test shall be performed within 30 days of First Production as reported on Form 5A and shall be submitted on Form 17 within 10 days of test.

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	Visual Mitigation: Pursuant to Rule 804, the tank battery shall be painted in uniform, non-contrasting, non-reflective color tones with the colors matched to but slightly darker than the surrounding landscape.
2	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.
3	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).
4	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.
5	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.
6	Dust control	Dust Control: Ward will comply with Rule 805.c and take all practicable measures to control fugitive dust caused by the operation, including to but not limited to wetting the soil with fresh water via a truck with a spreader bar if deemed necessary.
7	Noise mitigation	Noise Mitigation: Ward is planning on using sound walls to mitigate noise levels during drilling and completion. A background noise study will be done prior to drilling and the appropriate sound wall design will be chosen to meet or exceed COGCC noise requirements.
8	Odor mitigation	Odor Mitigation: Ward will comply with Rule 805 and Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII.
9	Drilling/Completion Operations	Closed Loop System: Closed Loop System will be used for drilling and fluid management. No reserve pit will be used.
10	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with open-hole Resistivity Log and Gamma Ray Log from the kick-off point 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 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.
11	Drilling/Completion Operations	Green Completions: Emission Control Systems. Test separators and associated flow lines and sand traps shall be installed on-site to accommodate Green completion techniques pursuant to COGCC Rules.
12	Drilling/Completion Operations	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.
13	Drilling/Completion Operations	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.
14	Drilling/Completion Operations	BOPE: Ward will utilize drilling rigs with a minimum of a double ram and annular preventer.

15	Drilling/Completion Operations	Drill Stem Tests: Drill Stem Tests are not anticipated for this location.
16	Drilling/Completion Operations	Pit Level Indicators: Pit Level Indicators will not be needed as no pits will be used on location.
17	Drilling/Completion Operations	All light will be directed downward as much as possible to mitigate light pollution into the adjacent neighborhood. In addition the sound wall will also help to limit light pollution.

Total: 17 comment(s)

Applicable Policies and Notices to Operators

Policy
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400922868	APD APPROVED
400934774	OffsetWellEvaluations Data
400934778	WELL LOCATION PLAT
400934780	DEVIATED DRILLING PLAN
400934781	DIRECTIONAL DATA
400934783	SURFACE AGRMT/SURETY
400934786	EXCEPTION LOC WAIVERS
400934790	WASTE MANAGEMENT PLAN
400937155	LEASE MAP
400937156	EXCEPTION LOC REQUEST
400962294	SURFACE CASING CHECK
401070678	OFFSET WELL EVALUATION
401070682	FORM 2 SUBMITTED

Total Attach: 13 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	05/26/2016
Permit	The Sharp 24-3-9HC (API#001-09802) will move to it's place in the North row of wells when the Refile Form 2 is approved. The new well the Sharp 25-1-12HC (doc # 400922868) will be in this wells current Surface location in the south row of wells. See Facility drawing on Form 2A for details. Permitting Review Complete.	04/07/2016
Permit	ON HOLD: Same surface location as the Sharp 24-3-9HC. The Sharp 24-3-9HC will be refilled with a revised SHL.	02/19/2016
OGLA	<p>Per Operator request, added the following Nuisance BMPs:</p> <p>Dust Control: Ward will company with Rule 805.c and take all practicable measures to control fugitive dust caused by the operation, including to but not limited to wetting the soil with fresh water via a truck with a spreader bar if deemed necessary.</p> <p>Noise Mitigation: Ward is planning on using sound walls to mitigate noise levels during drilling and completion. A background noise study will be done prior to drilling and the appropriate sound wall design will be chosen to meet or exceed COGCC noise requirements.</p> <p>Visual Mitigation: Pursuant to Rule 804, the tank battery shall be painted in uniform, non-contrasting, non-reflective color tones with the colors matched to but slightly darker than the surrounding landscape.</p> <p>All light will be directed downward as much as possible to mitigate light pollution into the adjacent neighborhood. In addition the sound wall will also help to limit light pollution.</p> <p>Odor Mitigation: Ward will comply with Rule 805 and Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII.</p>	02/10/2016
Permit	Permitting Review Complete.	02/04/2016
Permit	Open Hole Logging BMP submitted by operator.	02/04/2016
Engineer	<p>Evaluated offset wells within 1500'. No mitigation required.</p> <p>Changed distance to nearest wellbore belonging to another operator to 2200'.</p> <p>Changed surface string setting depth from 1200' to 1500'. Changed production casing cement bottom to match setting depth.</p>	12/31/2015
Permit	Passed completeness.	11/17/2015

Total: 8 comment(s)