

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:  
401047572

APPLICATION FOR PERMIT TO:

Drill       Deepen       Re-enter       Recomplete and Operate

TYPE OF WELL    OIL     GAS     COALBED     OTHER \_\_\_\_\_  
ZONE TYPE      SINGLE ZONE     MULTIPLE ZONES     COMMINGLE ZONES

Refiling   
Sidetrack

Date Received:  
06/14/2016

Well Name: Peppy      Well Number: 31-15  
Name of Operator: GRMR OIL & GAS LLC      COGCC Operator Number: 10524  
Address: 370 INTERLOCKEN BLVD SUITE 550  
City: BROOMFIELD      State: CO      Zip: 80021  
Contact Name: Kristina Lee      Phone: (303)659-9581      Fax: ( )  
Email: krislee@skybeam.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20140073

WELL LOCATION INFORMATION

QtrQtr: SWSE      Sec: 31      Twp: 5N      Rng: 90W      Meridian: 6  
Latitude: 40.335485      Longitude: -107.534252

Footage at Surface: 486 feet      FNL/FSL      FEL/FWL  
FSL      2030      feet      FEL

Field Name: WADDLE CREEK      Field Number: 90450  
Ground Elevation: 6704      County: MOFFAT

GPS Data:  
Date of Measurement: 03/09/2016    PDOP Reading: 1.5    Instrument Operator's Name: K.G. Stewart

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  
63      FNL      920      FWL      1771      FSL      315      FEL  
Sec: 8      Twp: 4N      Rng: 90W      Sec: 7      Twp: 4N      Rng: 90W

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: No

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.)

T4N-R90W  
Sec7: Lots 4,6,7,8,N2SE, SESE  
Sec8: Lots 2,3,4,NESW,SE  
Sec9:All

Total Acres in Described Lease: 1171 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: 830 Feet  
Building Unit: 865 Feet  
High Occupancy Building Unit: 5280 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 249 Feet  
Above Ground Utility: 208 Feet  
Railroad: 5280 Feet  
Property Line: 268 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: 03/09/2016

## 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: 2000 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 3587 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): WILLIAMS FORK Unit Number: COC074956X

## SPACING & FORMATIONS COMMENTS

This well is within a federal unit.

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR			

## DRILLING PROGRAM

Proposed Total Measured Depth: 6537 Feet

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

130 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: Commercial Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Cuttings trench

Other Disposal Description:

Water based cuttings and fluids will be dried and buried onsite in a trench. Onsite sifter will be used to monitor TPH levels per 900 series rule and table 910-1 Cuttings that exceed limit will be dried and trucked to offsite disposal facility.

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
CONDUCTOR	26	20	104	0	60	210	60	0
SURF	17+1/2	13+3/8	54.5	0	743	580	743	0
1ST	12+1/4	9+5/8	36	0	3618	700	3618	0
2ND	8+1/2	5+1/2	17	0	6537	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 \_\_\_\_\_

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

Location ID: 418843

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: Kristina Lee

Title: Regulatory Agent for GRMR Date: 6/14/2016 Email: krislee@skybeam.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: 8/1/2016

Expiration Date: 07/31/2018

### API NUMBER

05 081 07828 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.
- 2) Minimum surface casing setting depth requirements: 50' below the base of the Morapos Formation with the shoe in Mancos Shale or 743', as proposed by the operator, whichever is deeper. Full cement to surface is required for the surface casing; increase cement volume as necessary to accomplish that objective. Refer to COGCC's comment on this form regarding the operator's prognosed depth to the Morapos Formation.
- 3) Operator shall provide cement coverage from the intermediate casing shoe (9+5/8" First String) to a minimum of 200' above the surface casing shoe to provide provide isolation of all formations that are not otherwise covered by surface casing. Verify intermediate casing cement coverage with a cement bond log.

## Best Management Practices

<b>No</b>	<b>BMP/COA Type</b>	<b>Description</b>
1	Traffic control	If required by the local government, a traffic plan shall be coordinated with the local jurisdiction prior to commencement of move in and rig up. Any subsequent modification to the traffic plan must be coordinated with the local jurisdiction.
2	General Housekeeping	Any material not in use that might constitute a fire hazard shall be removed a minimum of 25 feet from the wellhead, tanks and separator. All electrical equipment installations inside the bermed area shall comply with API RP 500 classifications and comply with the current national electrical code as adopted by the State of Colorado.
3	General Housekeeping	Any waste and trash will be removed from the site for disposal.
4	Storm Water/Erosion Control	A Storm water management plan will be prepared and will meet all requirements of the COGCC & CDPHE. Stormwater BMPs will be put in place to control erosion prior to constructing the well pad and access road.
5	Storm Water/Erosion Control	Stormwater management plans (SWMP) are in place to ensure compliance with the Colorado Oil and Gas Conservation Commission and the Colorado Department of public Health and Environment requirements. Operator utilizes sediment containment systems which include silt fences, straw bales, berms, erosion control blankets, etc. BMPs used will vary according to site slopes, drainage patterns, and other site-specific conditions. A copy of the SWMP is kept in the operator's office.
6	Material Handling and Spill Prevention	Spill Prevention Plans (SPCC) are in place to address material releases and to prescribe materials handling BMPs for the facility. "Good house-keeping" measures will be taken to ensure proper waste disposal
7	Material Handling and Spill Prevention	Spill Prevention Plan is in place to address any spills associated with the operator's operations. Drip Pans will be used during fueling and maintenance to contain spills or leaks. Routine maintenance will be limited to fueling and lubrication of equipment.
8	Dust control	In order to mitigate dust and odor from the pad and access road, water will be applied to these surfaces regularly to control dust and odor.
9	Noise mitigation	GRMR will insure adequate noise and light reduction will occur during drilling operations to ensure noise levels to not exceed light industrial standards. Rig lights that will be used during the nighttime hours will be shrouded and/or directed away from any nearby residence. GRMR will consult with the landowner(s) within 1000' of the rig to discuss light and/or noise levels and offer assistance to mitigate if found to be excessive by the landowner. If necessary, GRMR will add some form of a noise barrier at the residence to mitigate noise locally.
10	Emissions mitigation	Any pipelines, flow lines, and containers containing hydrocarbons will be fitted with emissions control systems.
11	Odor mitigation	In order to mitigate dust and odor from the pad and access road, water will be applied to these surfaces regularly to control dust and odor.
12	Drilling/Completion Operations	Open-hole Resistivity Log with Gamma Ray Log will be run from TD into the surface casing. A Cement Bond Log with Gamma-Ray will be run on production casing, or on intermediate casing if a production liner is run. The Form 5, Completion Report, will list all logs run and have those logs attached.
13	Drilling/Completion Operations	Water based cuttings and fluids will be dried and buried onsite in a trench. Onsite sifter will be used initially to monitor TPH levels per 900 Series Rules and Table 910-1. GRMR monitors the cuttings during the drilling phase for TPH to determine if TPH (DRO, GRO) levels are getting high in relative terms. If the cuttings GRMR monitors exceed these limits, they will be dried and hauled to an approved offsite landfill or disposal facility. Before interim reclamation, samples from the cuttings pile will be analyzed at a lab to ensure TPH and all other constituents, as listed on Table 910-1, are below acceptable concentrations before the cuttings are buried. Sampling frequency: Once every 500' in non-hydrocarbon bearing zones, when a new formation is encountered, every 200' when a known hydrocarbon bearing zone is penetrated, or when odors are detectable.

Total: 13 comment(s)

## Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. <a href="http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf">http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf</a>
Notice Concerning Operating Requirements for Wildlife Protection. <a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a>

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401047572	FORM 2 SUBMITTED
401047749	SURFACE AGRMT/SURETY
401055347	DIRECTIONAL DATA
401055351	DEVIATED DRILLING PLAN
401062741	WELL LOCATION PLAT

Total Attach: 5 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Final Review	Changed 5+1/2" Second String Cement Top and Cement Bottom depths to null values. The Second String will not be cemented.	3/1/2016 4:58:08 PM
Permit	Revised mitigation BMP's to match related Form 2A. Final Review Complete.	8/1/2016 10:46:03 AM
Permit	Oper. corrected lease description, acres, and distance to lease line. Corrected minerals will be developed beneath this location to NO but right to construct is still lease. Location in fed. unit. Mitigation BMP's will need revision to match revised BMP's on 2A.	7/29/2016 7:11:04 AM
Permit	Req'd lease description under the productive wellbore.	7/28/2016 4:10:27 PM
Permit	Removed "spacing is not applicable" comment from spacing comments with operator approval.	7/21/2016 12:56:44 PM
Engineer	Changed distance to well belonging to another operator to 130' per operator. Well is plugged and abandoned. Anti-collision evaluation is not required.	7/5/2016 3:39:03 PM
Engineer	<p>Evaluated offset DA well 081-06455 Durham WT#3. Surface casing set at 1006' production casing pulled from 2430'. Well abandoned with 50 sx from 4316 to 4160', 50 sx from 3300 to 3150', 50 sx from 2500 to 2300', 50 sx from 1060 to 940' and 10 sx at surface. No mitigation required.</p> <p>Evaluated offset PA well 081-06985 Beaver Durham #2. Well plugged and abandoned in 2014. Well was completed in the Niobrara and abandonment meets standards. No mitigation required.</p> <p>Evaluated offset PR well 081-07620 Durham #2-31. Surface casing set at 699' (prognosis for bottom of Morapos is 693'). Well is completed in the Niobrara and meets standards. No mitigation required.</p> <p>Evaluated offset PR well 081-07622 Durham #1-31. Surface casing set at 724' (prognosis for bottom of Morapos is 693'). Well is completed in the Niobrara and meets standards. No mitigation required.</p>	7/5/2016 1:24:49 PM
Engineer	<p>Emailed operator regarding distance to well belonging to another operator.</p> <p>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 200 feet.</p> <p>Mancos Formation outcrops at the surface. The operator's prognosis for depths of the Morapos Formation (a shallow, potential water source) are 493' to 693', which would be covered by the operator's proposed surface casing setting depth of 1235'. Surface casing coverage of the Morapos Formation is required, as specified in Condition of Approval #2. COGCC concurs with the operator's plan to cement the intermediate casing (9+5/8" First String) into the surface casing.</p>	7/5/2016 1:19:44 PM
Permit	Passed completeness.	6/20/2016 9:43:48 AM

Total: 9 comment(s)