

FORM
2

Rev
08/16

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:

401098252

APPLICATION FOR PERMIT TO:

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

Date Received:

09/16/2016

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER PLANNED

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☒

Well Name: LEWTON

Well Number: 26J-36HZX

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: NENE Sec: 1 Twp: 1S Rng: 63W Meridian: 6

Latitude: 40.000023

Longitude: -104.379451

Footage at Surface: 239 Feet FNL/FSL FNL 715 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4975

County: ADAMS

GPS Data:

Date of Measurement: 04/01/2016 PDOP Reading: 1.3 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 346 FSL 500 FEL 50 FNL 90 FEL 63W
Sec: 36 Twp: 1N Rng: 63W Sec: 36 Twp: 1N Rng: 63W

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 1 South, Range 63 West, 6th P.M.
Section 1: All
Adams County, Colorado

Total Acres in Described Lease: 640 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: 5122 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 698 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 239 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 301 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 820 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Township 1 South, Range 63 West
Section 1: NE/4NE/4

Township 1 South, Range 62 West
Section 30: SW/4SW/4
Section 31: W/2W/2

Township 1 North, Range 63 West
Section 25: SE/4SE/4
Section 36: E/2E/2

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
J SAND	JSND		440	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12476 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: 301 Feet ☐ No well belonging to another operator within 1,500 feet

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
CONDUCTOR	26	16	42.1	0	40	30	40	0
SURF	13+1/2	9+5/8	36	0	1448	550	1448	0
1ST	8+3/4	7	26	0	7105	790	7105	0
1ST LINER	6+1/8	4+1/2	11.6	6498	12476	390	12476	6498

☐ 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

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.

Flow Lines: 1 flow lines will flow to the production facility location. During production, flow direction in the flow lines is from the well head to the production facility. The size of flow lines is typically 2". Flow lines will be constructed from steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 255'.

1 fuel gas supply lines will also be installed from the well head to the production facility. During operation flow direction in the supply lines will be from the production facility to the well head. The size of the supply lines is typically 1". Supply lines will be constructed from poly or steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 255'.

Gas lift lines are also occasionally installed (one per well) from the well head to the production facility. During operation flow direction in the gas lift lines will be from the production facility to the well head. The size of the gas lift lines is typically 2". Gas lift lines will be constructed from steel pipe, buried, and will equal the distance between the well heads and the tank battery, approximately 255'.

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

Location ID: _____

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: CHERYL LIGHT _____

Title: SR. REGULATORY ANALYST Date: 9/16/2016 Email: DJREGULATORY@ANADARK

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: 12/17/2016

Expiration Date: 12/16/2018

API NUMBER

05 001 09982 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.

COA Type

Description

	2) Comply with Rule 317.j. and provide cement coverage from end of 7" to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
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Best Management Practices

No BMP/COA Type

Description

1	Planning	The nearest building unit is located more than 5,280' away from this oil and gas location, therefore it is not within a Designated Setback Location and is exempt from 604.c.
2	Planning	KMG has entered into a Memorandum of Understanding ("MOU") with Adams County.
3	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.
4	Drilling/Completion Operations	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.
5	Drilling/Completion Operations	Open-hole Resistivity Log with Gamma Ray Log will be run from the kick-off point 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 horizontal portion of the wellbore will be logged with a measured-while-drilling gamma ray log. The Form 5, Completion Report, will list all logs run and have those logs attached.

Total: 5 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>
401098252	FORM 2 SUBMITTED
401108813	OffsetWellEvaluations Data
401108845	EXCEPTION LOC REQUEST
401108846	DEVIATED DRILLING PLAN
401108847	WELL LOCATION PLAT
401108849	EXCEPTION LOC WAIVERS
401108850	DIRECTIONAL DATA
401110894	PROPOSED SPACING UNIT

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	12/15/2016
Permit	Per operator changed heel location to sec 36, 1N-63W. Permitting Review Complete.	11/17/2016
Permit	ON HOLD: Requesting correction to TOZ location.	11/15/2016
Permit	Checked attachments.	10/07/2016
Permit	Passes completeness.	09/23/2016
Permit	Returned to draft: --please revise logging BMP to state that the pilot hole will have open hole resistivity log run	09/23/2016
Permit	Returned to draft: --please revise logging BMP to state that the pilot hole will have open hole resistivity log run --qtr/qtr should be NENE	09/22/2016

Total: 7 comment(s)