

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:

401098106

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

09/06/2016

Well Name: Ocho LD

Well Number: 17-368HN

Name of Operator: GREAT WESTERN OPERATING COMPANY LLC

COGCC Operator Number: 10110

Address: 1801 BROADWAY #500

City: DENVER

State: CO

Zip: 80202

Contact Name: Allison Schieber

Phone: (303)398-0355

Fax: ()

Email: aschieber@gwogco.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160041

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 8 Twp: 1S Rng: 67W Meridian: 6

Latitude: 39.984214

Longitude: -104.913675

Footage at Surface: 782 Feet FNL 2345 Feet FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5192

County: ADAMS

GPS Data:

Date of Measurement: 05/24/2016 PDOP Reading: 1.3 Instrument Operator's Name: Zane Bullard

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 1967 FEL 470 FSL 1989 FEL
Sec: 8 Twp: 1S Rng: 67W Sec: 17 Twp: 1S Rng: 67W

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.)

Irregular lease description please see attached map.

Total Acres in Described Lease: 153 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: 919 Feet

Building Unit: 1439 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 287 Feet

Above Ground Utility: 307 Feet

Railroad: 5280 Feet

Property Line: 280 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: 109 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.)
NIOBRARA	NBRR	407-1870	1279	Sec 8 & 17: All

DRILLING PROGRAM

Proposed Total Measured Depth: 17967 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: 1 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:

Beneficial reuse or land application plan submitted? No

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	1700	707	1700	0
1ST	8+1/2	5+1/2	17	0	17967	2285	17967	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

See SUA for Exception location Twinning waiver. The Exception location Windows waiver is attached separately.

The nearest well permitted or completed in the same formation is Ocho 17-367HC measured in 2D. Distance is 109'.

BROKEN BOW II #8-2 is the nearest well owned by another operator. This well is PA no stimulation setback waiver is needed. The 1' is a 2D measurement to a Sussex well/

This application is in a Comprehensive Drilling Plan _____ 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: Allison Schieber

Title: Regulatory Tech Date: 9/6/2016 Email: aschieber@gwogco.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: 2/9/2017

Expiration Date: 02/08/2019

API NUMBER

05 001 09997 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

	<p>Operator acknowledges the proximity of the listed non-operated wells. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 4). Operator will submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating that appropriate mitigation will be completed, during the hydraulic stimulation of this well. This Form 42 shall be filed 48 hours prior to stimulation. Operator will monitor production casing of this well during the entire stimulation. Operator will assure that the well's Bradenhead is open and monitored during the entire stimulation treatment – a person will monitor for any evidence of fluid, a Bradenhead test will be performed prior to the beginning of stimulation.</p> <p>MCELWAIN 4 (API # 001- 08798)</p>
	<p>Operator acknowledges the proximity of the listed non-operated wells. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 4). Operator will submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating that appropriate mitigation will be completed, during the hydraulic stimulation of this well. This Form 42 shall be filed 48 hours prior to stimulation. Operator will assure that the well's Bradenhead is open and monitored during the entire stimulation treatment – a person will monitor for any evidence of fluid, a Bradenhead test will be performed prior to the beginning of stimulation.</p> <p>MCELWAIN 3 (API # 001-08668)</p>
	<p>Operator acknowledges the proximity of the listed non-operated wells. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>WIERMAN 1 (API # 001-006796); EDSTROM 1 (API # 001-06889); LEISLE 8-5 API # 001- 08696; STONEHOCKER 8-5 API # 001-08702; STATE A #6 API # 001-06834; CARLSON #1 API #001-06792</p>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad.</p> <p>2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with cement bond log.</p>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.:</p> <p>1) Within 60 days of rig release, prior to stimulation.</p> <p>2) 6 months after rig release, prior to stimulation.</p> <p>3) Within 30 days of first production, as reported on Form 5A.</p>

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	<p>Green Completions (Rule 604.c.(2)C).</p> <p>As applicable, per COGCC Rule 805, GWOC will utilize all reasonable and cost-efficient best practices, including but not limited to those listed in Rule 805, to maximize resource recovery and mitigate releases to the environment.</p> <ul style="list-style-type: none"> • Initial frac and drill out effluent is routed through a sand catcher/trap and a junk/sand tank to remove sand and well frac debris. • Once any hydrocarbons are detected but prior to encountering salable quality combustible gas or significant volumes of liquid hydrocarbons (condensate or oil) (greater than 10 barrels per day average) the effluent is routed through a high-pressure separator and closed-top tanks to minimize emissions to the environment. Hydrocarbon liquids, produced water, and sand are separated utilizing the high-pressure separator. • The quality (combustibility) of the gas is typically monitored directly at the high-pressure separator. When salable (combustible) quality gas is measured/ detected the gas stream is immediately diverted to the sales pipeline or the well is shut in or a form 42 for flaring will be submitted for approval. • The separated produced water and hydrocarbon liquids (condensate/oil) are directed to specific tanks for storage until being unloaded and hauled to disposal or sales as appropriate.
2	Drilling/Completion Operations	<p>Sound and Light Mitigation</p> <p>During the drilling and completions phase, Great Western plans to construct sound/visual walls that will be placed along the edges of the pad. This will also assist to block out any lighting from nearby occupied structures. This pad will be constructed in such a manner that noise mitigation may be installed and removed without disturbing the site or landscaping.</p>
3	Drilling/Completion Operations	<p>Multi Well Open Hole Logging</p> <p>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.</p>
4	Drilling/Completion Operations	<p>Bradenhead Monitoring</p> <p>GWOC will comply with the "COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012</p>
5	Drilling/Completion Operations	<p>Identification of P&A wells (Rule 604.c.(2)U)</p> <p>GWOC shall identify the location of the P&A wellbore with a permanent monument as specified in Rule 319.a.(5). The operator shall also inscribe or imbed the well number and date of plugging upon the permanent monument. P&A wellbores shall be cutoff well below ground surface in agricultural areas to provide for landowners to safely farm the reclaimed well area.</p>

6	Drilling/Completion Operations	<p>Traffic Plan (Rule 604.c.(2)D).</p> <p>GWOC works closely with all municipalities as appropriate to develop a mutually acceptable road traffic access plan addressing site specific traffic-related issues. These plans may address issues such as; routes, construction specification of access roads, maintenance, dust control, brake limits, traffic controls, enforcement, emergency response, etc. GWOC will work with municipalities, the County's Planning Department and/or Road Department to address complaints related to traffic or dust issues as appropriate. Dust control measures may include surface stabilization, or dust control with appropriate chemical or water applications.</p>
7	Drilling/Completion Operations	<p>BOPE for well servicing (Rule 604.c.(2)J)</p> <p>A BOPE with a minimum pressure rating of 3,000 psi will be utilized. At a minimum it will consist of 2 ram preventers and 1 annular preventer. The blind rams will be positioned below the pipe rams. A backup system of pressure control will be onsite consisting of at a minimum 1,000 psi accumulator (backup pressure). Accumulator is tested to 1,000 psi. Operator may use fixed sized pipe rams matching the tubular size. The annular preventer will be pressure tested to 250 psi low and 2,000 psi high for 10 minutes each. The ram preventers will be tested to 250 psi low and 2,500 psi high for 10 minutes each. All remaining well control equipment will be tested to 250 psi low and 2,500 psi high for 10 minutes each. The pressure tests will be conducted when the equipment is first installed and every 30 days thereafter. Pipe rams and blind rams will be function tested before every well service operation. Annual BOP inspections and pressure tests will be performed by the service company and will be charted & retained for 1 year. Backup stabbing valves shall be used on operations that require reverse circulation. Valves will be pressure tested before each well service operation in low pressure and high pressure range. The GWOC onsite representative will be certified in Well Control Operations by a Well-Cap certified training service.</p>
8	Drilling/Completion Operations	<p>Light Mitigation</p> <p>Light sources will be directed downwards, and away from occupied structures where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.</p>
9	Drilling/Completion Operations	<p>Odors Mitigation</p> <p>Where possible, drilling rig and completion equipment engine exhaust will be directed away from occupied buildings to assist in mitigating potential odors. While GWOC does not anticipate any mitigation measures will be necessary for odors, sealed tanks with pressure relief valves and emissions controls will be utilized for the production phase.</p>
10	Drilling/Completion Operations	<p>Anti-collision (Rule 317.r)</p> <p>Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottom hole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment.</p>
11	Drilling/Completion Operations	<p>Drill stem tests (Rule 604.c.(2)L)</p> <p>Conventional drill stem tests will not be conducted on DJ Basin horizontal wells currently being executed or planned by GWOC. If plans change in the future a well specific drill stem testing plan will be prepared for that particular well. Note that GWOC may elect to use one of several available wireline deployed tools for the purpose of measuring downhole formation pressures and/or collecting downhole fluid samples from the target formation(s) of a particular well.</p>

Total: 11 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
Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area. http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401098106	FORM 2 SUBMITTED
401103569	DIRECTIONAL DATA
401103571	DEVIATED DRILLING PLAN
401103572	OTHER
401103575	WELL LOCATION PLAT
401103577	EXCEPTION LOC REQUEST
401103579	SURFACE AGRMT/SURETY
401103580	MINERAL LEASE MAP
401103583	OffsetWellEvaluations Data
401119297	EXCEPTION LOC WAIVERS
401206742	OFFSET WELL EVALUATION

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Added approved Spacing Order 407-1870 to Spacing & Formation tab. Final Review Completed.	02/02/2017
Engineer	changed description for 317.s. in Submit tab to operator newly supplied comment - changed BMP supplied with APD - struck stimulation setback reference from title per operator	01/22/2017
Permit	ON HOLD: w/o spacing order in January hearing.	01/12/2017
Permit	Per operator corrected the Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation from 154' to 109'. Permitting Review Complete.	01/12/2017
Permit	ON HOLD: Requesting correction to Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation.	01/10/2017
Permit	Open Hole Logging BMP submitted by operator.	01/10/2017
Engineer	nearest wells drilled through nio depth (PR) are not producing in Nio	12/11/2016
Permit	Passed completeness.	09/14/2016

Total: 8 comment(s)