

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:

401162599

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:

12/29/2016

Well Name: NEWBY Well Number: 1N-33HZ
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: Craig Richardson Phone: (720)929-6092 Fax: (720)929-7092
Email: Craig.Richardson@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 33 Twp: 3N Rng: 68W Meridian: 6
Latitude: 40.176578 Longitude: -105.003181

Footage at Surface: 588 Feet FNL/FSL FSL 1350 Feet FEL/FWL FEL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4894 County: WELD

GPS Data:

Date of Measurement: 01/07/2016 PDOP Reading: 1.2 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 47 FSL 795 FEL 461 FEL/FWL 816 FEL 461
Sec: 33 Twp: 3N Rng: 68W Sec: 33 Twp: 3N Rng: 68W

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.)

see mineral lease map

Total Acres in Described Lease: 70 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: 1115 Feet
Building Unit: 1305 Feet
High Occupancy Building Unit: 3280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 595 Feet
Above Ground Utility: 574 Feet
Railroad: 4005 Feet
Property Line: 548 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: 71 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 461 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Spacing Unit: T3N R68W Sec 33: E2E2
T2N R68W Sec 4: NENE

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		200	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12561 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: 509 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	1800	710	1800	0
1ST	7+7/8	5+1/2	17	0	12551	1469	12551	

☐ 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.

NEWBY 1N-33HZ

The following well(s) belong to Kerr-McGee and will have treated intervals within one hundred fifty (150) feet of this proposed well:

ADLER 16-33

ADLER 9-33

ADLER 8-33

ADAM FARM 1-4

The following well(s) are not within 150' of KMG's proposed well, however may appear to be less than 150' in 2D view:

ADLER 7-33

ADLER 24-33

ADLER 15-33

Exception Location Waiver included as a part of the SDA language. This document is signed by the surface owners on page 12 of the attached Surface Use Agreement Document. The section waiving setback and other COGCC distance requirements is included as the Exception Location Waiver.

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: Craig Richardson

Title: Regulatory Analyst Date: 12/29/2016 Email: DJRegulatory@anadarko.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: _____

Matthew Lee

Director of COGCC

Date: 4/3/2017

Expiration Date: 04/02/2019

API NUMBER

05 123 44564 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) 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. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
	Bradenhead tests shall be performed according to the following schedule and the Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release and prior to stimulation and 2) If a delayed completion, 6 months after rig release and prior to stimulation. 3) Within 30 days after first production, as reported on Form 5A.
	Operator acknowledges the proximity of the listed non-operated well. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 3). Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 05-123-07592, CLARA A BACON 1

Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	317.p Logging Program: One of the first wells drilled on the pad will be logged with Cased-hole Pulsed Neutron Log with Gamma Ray Log 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 in that well and have those logs attached. The Form 5 for each well shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well.
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.

Total: 3 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>
1696771	MINERAL LEASE MAP
1696777	PROPOSED SPACING UNIT
2365737	SURFACE CASING CHECK
401162599	FORM 2 SUBMITTED
401175028	OffsetWellEvaluations Data
401175033	DIRECTIONAL DATA
401175396	DEVIATED DRILLING PLAN
401175397	OPEN HOLE LOGGING EXCEPTION
401175398	EXCEPTION LOC REQUEST
401180784	WELL LOCATION PLAT
401180786	SURFACE AGRMT/SURETY
401250172	OFFSET WELL EVALUATION

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Removed all BMP's not related to Drilling/Completions. Attached corrected PSU. Final Review Completed.	03/31/2017
Permit	The Surface Use Agreement has waivers for Rule 318A.a. & 318A.c. See page 5, Section 4. Operator requested Exception to Open Hole Logging Rule 317.p. See attached. Per operator removed lease, corrected mineral description and attached corrected mineral lease map. Permitting Review Complete.	03/31/2017
Permit	Passed completeness.	01/11/2017
Permit	Returned to Draft: * Redact dollar amount on Lease. * Plat is for a different well, attach correct well plat. * Need Wellbore Integrity Contact Email. * Need signed Exception Location Waiver.	01/09/2017

Total: 4 comment(s)