

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:

400798125

APPLICATION FOR PERMIT TO:

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

Date Received:

06/11/2015

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

Well Name: Regnier Farms

Well Number: 1B-19H-B268

Name of Operator: CRESTONE PEAK RESOURCES OPERATING LLC

COGCC Operator Number: 10633

Address: 1801 CALIFORNIA STREET #2500

City: DENVER State: CO Zip: 80202

Contact Name: Chris McRickard

Phone: (720)410-8494

Fax: (720)876-6584

Email: chris.mcrickard@crestonepr.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100017

WELL LOCATION INFORMATION

QtrQtr: NWNE Sec: 19 Twp: 2N Rng: 68W Meridian: 6

Latitude: 40.131199

Longitude: -105.043272

Footage at Surface: 62 Feet FNL/FSL FNL 1843 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4966

County: WELD

GPS Data:

Date of Measurement: 10/30/2014 PDOP Reading: 2.3 Instrument Operator's Name: CHRIS BETTENCOURT

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.
 Footage at Top of Prod Zone: FNL/FSL FNL/FWL Bottom Hole: FNL/FSL FEL/FWL
 768 FNL 2295 FEL 460 FSL 2275 FEL
 Sec: 19 Twp: 2N Rng: 68W Sec: 19 Twp: 2N Rng: 68W

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: 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.)

T2N-R68- Section 19: NE/4, North 60 acres of the SE/4; Section 20: SWNW , NWSW

Total Acres in Described Lease: 300 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: 600 Feet
Building Unit: 684 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 817 Feet
Above Ground Utility: 1153 Feet
Railroad: 5280 Feet
Property Line: 62 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: 98 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

E2W2, W2E2 SEC 19 T2N R68W

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 | | 320 | GWA |

DRILLING PROGRAM

Proposed Total Measured Depth: 12069 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: _____ 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? _____

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 | 30 | 16 | 30 | 0 | 80 | 80 | 80 | 0 |
| SURF | 12+1/4 | 9+5/8 | 36 | 0 | 800 | 225 | 800 | 0 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 7989 | 532 | 7989 | 500 |
| 2ND | 6+1/8 | 4+1/2 | 13.5 | 0 | 12069 | 247 | 12069 | 7689 |

☐ 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 Encana respectfully requests a waiver to the 30 day requirement for the Buffer Zone Preapplication notice. Notifications have been waived by the Surface Owner (in the SUA) and the 30 day requirement for the Preapplication Notification has been waived by the Building Unit Owner by the attached waiver.

Treated interval of this wellbore is within 150' of the following wells, operated by Encana:
Regnier Farms 31-19, 123-24655, at 89'

Encana requests an exception to Rule 317.p, to substitute cased hole logs for open hole logs on one of the first wells to be drilled on the pad. Letter attached.

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: Chris McRickard

Title: Regulatory Analyst Date: 6/11/2015 Email: chris.mcrickard@crestonepr.co

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: 6/13/2017

Expiration Date: 06/12/2019

API NUMBER

05 123 44947 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.

| <u>COA Type</u> | <u>Description</u> |
|-----------------|--|
| | The Approved Form 2A permit will be posted at the location during construction, drilling, and completions operations. |
| | Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test. 1) Within 60 days of rig release, prior to stimulation. 2) 6 months after rig release, prior to stimulation. 3) Within 30 days of first production, as reported on Form 5A. |
| | Operator acknowledges the proximity of the listed wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy), ensure all applicable documentation is submitted, and submit Form 42(s) "OFFSET MITIGATION COMPLETED" for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. Regnier Farms B Unit 1 (API 123-11570) Regnier Farms 2 (API 123-11687) |
| | 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 end of 7" casing to a minimum of 200' above Niobrara and from 200' below the Shannon to 200' above Sussex. Verify coverage with cement bond log. |
| | Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Rule 305.h (effective 9/30/2014) |

Best Management Practices

| No | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|---|
| 1 | Drilling/Completion Operations | Closed-top tanks will utilize backpressure systems that exert a minimum of four (4) ounces of backpressure and a maximum that does not exceed the pressure rating of the tank to facilitate gathering and combustion of tank. |
| 2 | Drilling/Completion Operations | Adequate blowout prevention equipment will be used on all well servicing operations. |
| 3 | Drilling/Completion Operations | Backup stabbing valves shall be required on well servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using both low-pressure air and high-pressure fluid. |
| 4 | Drilling/Completion Operations | 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 wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole 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. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5. |
| 5 | Drilling/Completion Operations | Encana will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012. |
| 6 | Drilling/Completion Operations | Upon initial rig-up and at least once every thirty (30) days during drilling operations thereafter, pressure testing of the casing string and each component of the blowout prevention equipment including flange connections will be performed to seventy percent (70%) of working pressure or seventy percent (70%) of the internal yield of casing, whichever is less. Pressure testing shall be conducted and the documented results will be retained by the operator for inspection by the Director for a period of one (1) year. Activation of the pipe rams for function testing shall be conducted on a daily basis when practicable. |
| 7 | Drilling/Completion Operations | One of the first wells drilled on the pad will be logged with cased-hole pulsed neutron log with gamma ray log from TD to 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 shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well. |

Total: 7 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> |
|---------------------------|-----------------------------|
| 1696547 | OPEN HOLE LOGGING EXCEPTION |
| 2226033 | CORRESPONDENCE |

| | |
|-----------|----------------------------|
| 2483488 | SURFACE CASING CHECK |
| 400798125 | FORM 2 SUBMITTED |
| 400798184 | DEVIATED DRILLING PLAN |
| 400798185 | DIRECTIONAL DATA |
| 400800899 | PROPOSED SPACING UNIT |
| 400800900 | EXCEPTION LOC WAIVERS |
| 400800901 | EXCEPTION LOC WAIVERS |
| 400800902 | SURFACE AGRMT/SURETY |
| 400800903 | EXCEPTION LOC REQUEST |
| 400807376 | WAIVERS |
| 400809580 | OffsetWellEvaluations Data |
| 400809789 | WELL LOCATION PLAT |
| 401306715 | OFFSET WELL EVALUATION |

Total Attach: 15 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Final review complete. Engineering supervisor reviewed engineering COAs and confirmed no non-operated well within 150' of this proposed wellbore. Deleted distance to non-operated well as this distance is measured to operator's own well. Operator revised mud program to oil based mud and waste management to commercial disposal. Removed other disposal comments. | 06/12/2017 |
| Permit | Correspondence document #2226033 has been attached documenting instructions from Encana and Crestone to assign these applications to Crestone. | 02/15/2017 |
| Permit | ON HOLD: w/o form 2A. | 06/11/2015 |
| Engineer | Offset wells evaluated. | 05/20/2015 |
| Permit | Per operator added Open Hole Logging BMP for Cased Hole Pulsed Neutron log. Attached corrected Exception to Open Hole Logging Rule 317.p request. Permitting Review Complete. | 05/18/2015 |
| Permit | ON HOLD: requesting clarification of RST/CBL log. | 05/13/2015 |
| Permit | Operator requests approval of a Rule 603.a.(2) exception location: Wellhead is to be located less than 150' from a property line. Request letter and waivers attached. | 05/13/2015 |
| Permit | Operator requested Exception to Open Hole Logging Rule 317.p. See attached. | 05/13/2015 |
| Permit | The comment period for Encana's 12 Regnier Farms Form 2's and Form 2A in Section 19 T2N R68W has been extended by Weld County LGD request from ending 4/9, 4/12 and 4/19 to ending 4/29/2015. | 03/30/2015 |
| Permit | The comment period for Encana's 12 Regnier Farms Form 2's proposed in Section 19 T2N R68W has been extended by Weld County LGD request from ending 4/9 and 4/12 to ending 4/22/2015. | 03/26/2015 |
| Permit | Passed completeness. | 03/20/2015 |

Total: 11 comment(s)