

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:

401271245

APPLICATION FOR PERMIT TO:

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

Date Received:

07/25/2017

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

Well Name: IGS

Well Number: 146

Name of Operator: CATAMOUNT ENERGY PARTNERS LLC

COGCC Operator Number: 10464

Address: 1801 BROADWAY #1000

City: DENVER State: CO Zip: 80202

Contact Name: Nolan Redmond

Phone: (720)484-2344

Fax: (720)484-2363

Email: nredmond@catamountep.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160137

WELL LOCATION INFORMATION

QtrQtr: NWSE Sec: 21 Twp: 33N Rng: 8W Meridian: N

Latitude: 37.088034

Longitude: -107.719612

Footage at Surface: 2098 Feet FNL/FSL FSL 1709 Feet FEL/FWL FEL

Field Name: IGNACIO BLANCO

Field Number: 38300

Ground Elevation: 6878

County: LA PLATA

GPS Data:

Date of Measurement: 06/27/2017 PDOP Reading: 1.7 Instrument Operator's Name: Nelson Ross

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 2364 FWL 860 FSL 2000 FWL
 1144 FSL 2364 FWL 860 FSL 2000 FWL
 Sec: 21 Twp: 33N Rng: 8W Sec: 21 Twp: 33N Rng: 8W

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: Surface Use Agreement

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.)

N/2SE/4, E/2SW/4, SE/4SE/4 Sec 21 T33N R8W.

Total Acres in Described Lease: 200 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: 303 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 585 Feet
Building Unit: 585 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 3140 Feet
Above Ground Utility: 3100 Feet
Railroad: 5280 Feet
Property Line: 365 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: 06/10/2014

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: 1515 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 860 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.)
FRUITLAND COAL	FRLDC	112-195	320	S/2

DRILLING PROGRAM

Proposed Total Measured Depth: 4355 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: 395 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? 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 608

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
SURF	12+1/4	8+5/8	24	0	688	400	688	0
1ST	7+7/8	5+1/2	17	0	4355	475	4355	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: There have been no changes in surrounding land use. Well construction plan and mineral lease description have been updated. The target drilling and spacing unit has also changed. The well site is on an existing wellpad and there is no drilling currently taking place on the well site.
Rule 305 Surface owner notice was waived pur SUA.

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

Location ID: 326624

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Nolan Redmond

Title: Geo/Eng Tech Date: 7/25/2017 Email: nredmond@catamountep.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: 9/20/2017

Expiration Date: 09/19/2019

API NUMBER

05 067 09915 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>1) Set at least 688' of surface casing per Rule 317 (g) cement to surface</p> <p>2) The two closest water wells within 1/2 mile radius of the proposed bottom hole shall be sampled (Cause 112 Orders 156-157, 180-181 and rule 608 if not done previously.</p> <p>3) If borehole problems occur while drilling and an unplanned sidetrack is required, the following shall apply:</p> <p>a.) Before proceeding, contact the COGCC Regional Engineer for SW Colorado for verbal approval and provide an explanation as to what happened to the original borehole and what the plan is for the sidetrack.</p> <p>Contact Information: Mark Weems – Regional Engineer-SW Colorado 970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p> <p>b.) Adhere to the instructions provided in the “UNPLANNED Sidetrack While Drilling: Approval and Reporting Process – Southwestern Colorado San Juan Basing ONLY” that can be found on the COGCC website at:</p> <p>Go to COGCC Web Site for more details if necessary Forms Form 2-Permit to Drill Instructions</p> <p>4) Contact COGCC Regional Engineer – Mark Weems when encountering kicks requiring a mud weight increase of 0.5 ppg to control the kick, unexpected water flows, and unexpected Hydrogen Sulfide.</p>
--	---

Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	<p>Rule 317.p: One of the first wells drilled on the pad will be logged with openhole Resistivity Log and Gamma Ray Log from TD 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 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 openhole 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>
---	--------------------------------	---

Total: 1 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>
1857834	SELECTED ITEMS REPORT
401271245	FORM 2 SUBMITTED
401352733	DEVIATED DRILLING PLAN
401352735	DIRECTIONAL DATA
401352738	WELL LOCATION PLAT
401409523	OFFSET WELL EVALUATION

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Distance to nearest lease line is 303' (east to centerline of S. 21).	09/12/2017
Permit	Final Review Completed.	09/07/2017
Permit	Per operator, corrected distance to nearest building and building unit to 585'.	09/04/2017
Permit	Per operator, corrected lease description, acres in lease, and distance to nearest lease line.	08/23/2017

Engineer	<p>Alluvial Fresh Water Reservoirs The proposed gas well is located within an area where fresh water aquifers are mostly developed in an alluvial deposit of gravel and sandstone commonly found in river, stream, and ephemeral creek valleys. Water wells found in these locations can vary in depth from 10' to 200'. These aquifers are commonly identified as the San Jose and Nacimiento formations.</p> <p>Bedrock Aquifers The proposed gas well is located within an area where unconfined fresh water aquifers are mostly developed in bedrock formations consisting mainly of shale with intermittent sandstone stringers with limited areal extent or having pockets of isolated water reservoirs. Water wells found in these locations can vary in depth from 100' to 800'. These aquifers are commonly identified as the Animas formation.</p> <p>Respective to the proposed gas well, a one (1) mile radius of investigation of all offsetting fresh water wells has determined that the deepest surface casing required to protect the aquifers is a depth of 688' (includes a 50' margin of additional protection). The operator proposed a depth of 500' which is 188' shallower than the minimal requirement; so, the surface casing has been deepened to 688'. The surface casing on the proposed well will be cemented from total depth to surface. The production casing on the proposed gas well will also be cemented from total depth to surface. This will serve two purposes (1) it will isolate and confine all hydrocarbon and brackish waters to their respective zones and (2) it will provide double protection for the fresh water aquifers which includes two concentric (2) steel casing strings and two concentric external (2) cement sheaths extending from total depth to surface (see attached SELECTED ITEMS REPORT).</p> <p>There are no offsetting well logs to review for deeper water aquifers. The 688' depth for surface casing is chosen.</p> <p>Spacing & Formations Tab: Distance reported from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted completed in the same formation has been changed to from 1515' to 896' and that well has been identified as the Elm Ridge Exploration (ERE) IGS 113 – API # 067-09262.</p> <p>Drilling and Waste Plans Tab: Distance from proposed wellbore to nearest existing or permitted wellbore belonging to another operator (Including plugged wells) is reported as 395' (Red Willow Crigler Unit MV Gas Unit #1A - API #067-08108).</p> <p>All existing or permitted planned wells within the 1500' envelope have cement tops greater than two Hundred feet above the top of the Fruitland coal.</p> <p>There is a conventional well found within 1320 feet (1/4 mi) of the pay zone of this proposed well and it is identified at the Red Willow Crigler Unit MV Gas Unit 1A – API 3 067-08108. Because of this the distance of ¼ mile search for sampling water wells is extended to ½ mile.</p> <p>There are no PA within ¼ mile of the pay zone of this proposed well.</p>	08/14/2017
Engineer	This is a refile APD with a different bottom hole location (BHL) as originally permitted. It is a build and hold directional well bore (straight line constant angle). The operator will likely fracture stimulate this well.	08/14/2017
LGD	Permit application has been submitted to La Plata County.	08/04/2017
Permit	Added wellbore email, per Operator's request. Passed Completeness.	08/04/2017
Total: 8 comment(s)		