

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

Well Name: AZUL Well Number: 13-13HZ

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: ()

Email: Craig.Richardson@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: SESW Sec: 13 Twp: 1N Rng: 66W Meridian: 6

Latitude: 40.046539 Longitude: -104.726638

Footage at Surface: 912 Feet FNL/FSL FSL 2327 Feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 5050 County: WELD

GPS Data:
Date of Measurement: 05/11/2017 PDOP Reading: 1.3 Instrument Operator's Name: PRESTON KNUTSEN

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

50 FSL 1742 FEL 471 FNL 1719 FEL

Sec: 13 Twp: 1N Rng: 66W Sec: 13 Twp: 1N Rng: 66W

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: No

The right to construct the Oil and Gas Location is granted by: applicant is owner

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 North, Range 66 West, 6th P.M.
Section 1: Lot 2 (N/2 NW/4) (81.17), S/2 NW/4, S/2
Section 3: Lot 2 (N/2 NW/4) (76.00), S/2 NW/4, S/2
Section 11: NW/4, S/2
Section 13: NW/4, S/2
Section 23: NW/4, S/2
Section 27: NW/4, S/2
Section 33: NW/4, S/2
Section 35: NW/4, S/2

Township 1 North, Range 65 West, 6th P.M.
Section 7: Lots 1 and 2 (W/2W/2) (159.64), E/2W/2, SE/4

Township 2 North, Range 66 West, 6th P.M.
Section 27: NW/4, S/2
Section 35: NW/4, S/2
Weld County, Colorado

Township 1 South, Range 66 West, 6th P.M.
Section 1: Lot 2 (N/2NW/4) (60.61), S/2NW/4, S/2
Adams County, Colorado

Total Acres in Described Lease: 5737 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: 1057 Feet
Building Unit: 1057 Feet
High Occupancy Building Unit: 4217 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 899 Feet
Above Ground Utility: 888 Feet
Railroad: 5280 Feet
Property Line: 320 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: 07/20/2017

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: 106 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 471 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

1N 66W Sec. 13: E2 ; Sec. 24: N2NE

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		400	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12819 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:
 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	720	1800	0
1ST	7+7/8	5+1/2	17	0	12809	1500	12809	

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: Water-based cuttings will be disposed of onsite using bioremediation/solidification product. Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site.

The following well(s) belong to Kerr-McGee and will have treated intervals within one hundred fifty (150) feet of this proposed well:
AZUL 13-14HZ
AZUL 13-29HZ

The following well(s) are not within 150' of KMG's proposed well, however may appear to be less than 150' in 2D view:
BRANDT USX WW13-17D
BRANDT USX WW13-08D
PILKINGTON 41-13D

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: Craig Richardson

Title: Regulatory Analyst II Date: _____ Email: Craig.Richardson@anadarko.c

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: _____

Expiration Date: _____

API NUMBER
05

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

<u>COA Type</u>	<u>Description</u>



Best Management Practices

No	BMP/COA Type	Description
1	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.
2	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
3	Drilling/Completion Operations	317.p Logging Program: 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.
4	Drilling/Completion Operations	604c.(2).B. Closed Loop Drilling System: KMG will use a closed loop or "pitless" system for drilling and fluid management and will not construct a reserve pit.
5	Drilling/Completion Operations	604c.(2).C. Green Completions: Temporary above ground polyethylene water pipelines will deliver water to location operations from larger trunk lines to reduce truck traffic and minimize air pollution. Pipeline infrastructure is in place prior to completions operations to ensure saleable gas, once hydrocarbons are cut, is sent directly to sales without flaring during flowback.
6	Drilling/Completion Operations	604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram and annular preventer.
7	Drilling/Completion Operations	604c.(2).I. BOPE Testing for Drilling Operations: BOPEs will be tested upon rig-up and, at a minimum, every 30 days.
8	Drilling/Completion Operations	604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid.
9	Drilling/Completion Operations	604c.(2).K. Pit Level Indicators: All storage tanks used for active drilling operations (used in lieu of pits) contain pit level monitors with Electronic Drilling Recorders (EDR). KMG uses EDRs with pit level monitor(s) and alarm(s) for production rigs. Basic level gauges are used on tanks utilized for the surface rig.
10	Drilling/Completion Operations	604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the Director.
11	Drilling/Completion Operations	605.c.(1) Special Equipment: Wells will be equipped with automatic control valves and will continuously be monitored by the Integrated Operations Center (IOC) such that if a sudden change in pressure is detected the well will be shut in and fail safe.
12	Drilling/Completion Operations	803. Lighting: To the extent practicable, site lighting shall be shielded and directed downward and inward toward operations to avoid glare on public roads and nearby Building Units.

Total: 12 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401399848	OffsetWellEvaluations Data
401399857	EXCEPTION LOC REQUEST
401399868	DIRECTIONAL DATA
401400137	DEVIATED DRILLING PLAN
401400139	OPEN HOLE LOGGING EXCEPTION
401400143	PROPOSED SPACING UNIT
401400146	WELL LOCATION PLAT
401402655	EXCEPTION LOC WAIVERS

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
		Stamp Upon Approval

Total: 0 comment(s)



Public Comments

No public comments were received on this application during the comment period.

