

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:

401238742

## APPLICATION FOR PERMIT TO:

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

Date Received:

06/15/2017

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER \_\_\_\_\_Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Sam

Well Number: 3E-25H-M166

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: Meghan Campbell

Phone: (720)410-8478

Fax: ( )

Email: meghan.campbell@crestonepr.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160104

## WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 25 Twp: 1N Rng: 66W Meridian: 6

Latitude: 40.018785

Longitude: -104.733853

Footage at Surface: 1373 Feet FNL/FSL FSL 310 Feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5083

County: WELD

GPS Data:

Date of Measurement: 10/27/2016 PDOP Reading: 2.5 Instrument Operator's Name: Jason Dahlman

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 480 FWL 1800 FSL 460 FEL 1800 FSL 460 FEL  
 Sec: 25 Twp: 1N Rng: 68W Sec: 25 Twp: 1N Rng: 68W

## LOCATION SURFACE &amp; MINERALS &amp; 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.)

SW/4, N/2SE/4, W/2SW/4SE/4, Sec 25, T1N R66W, 6th P.M.

Total Acres in Described Lease: 260 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: 460 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 909 Feet  
Building Unit: 1235 Feet  
High Occupancy Building Unit: 3431 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 977 Feet  
Above Ground Utility: 1338 Feet  
Railroad: 5280 Feet  
Property Line: 310 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: 04/17/2017

## 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: 166 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           | 407-2175                | 320                           | Sec 25: S/2                          |

## DRILLING PROGRAM

Proposed Total Measured Depth: 11849 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: 725 Feet ☐ No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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   | 24           | 16             | 42.05 | 0             | 100           | 430       | 100     | 0       |
| SURF        | 13+1/2       | 9+5/8          | 40    | 0             | 2358          | 1015      | 2358    | 0       |
| 1ST         | 8+1/2        | 5+1/2          | 20    | 0             | 11849         | 2152      | 11849   | 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 -The nearest well completed in the same formation is the Sam 3F-25H-M166 operated by Crestone Peak Resources.  
-The nearest well belonging to another operator is the Beierle 2 (API#05-123-23611) operated by Kerr McGee Oil and Gas (COGCC: mislabeled in anti-collision report as being CPR 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: Ryan Bruner

Title: Regulatory Analyst Date: 6/15/2017 Email: ryan.bruner@crestonepr.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: 12/21/2017

Expiration Date: 12/20/2019

### API NUMBER

05 123 46131 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>  |
|-----------------|---|
|                 | Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.   |
|                 | 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.<br>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:<br>1) Within 60 days of rig release and prior to stimulation and<br>2) If a delayed completion, 6 months after rig release and prior to stimulation.<br>3) Within 30 days after first production, as reported on Form 5A.  |
|                 | 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 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.<br>LEHL 1 (API 05-123-08027)<br>BARE SPACES 11-36 (API 05-123-18955) |

## Best Management Practices

| <b>No</b> | <b>BMP/COA Type</b>            | <b>Description</b>  |
|-----------|--------------------------------|---|
| 1         | 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.   |
| 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 | No drill stem tests will be performed.  |
| 5         | Drilling/Completion Operations | Prior to drilling operations, Crestone 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, the 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. |
| 6         | Drilling/Completion Operations | Crestone will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012.   |
| 7         | Drilling/Completion Operations | Rule 317.p Logging Program<br>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 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 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."  |

Total: 7 comment(s)

## Applicable Policies and Notices to Operators

|  |
|--|
| Policy   |
| Notice Concerning Operating Requirements for Wildlife Protection.<br><a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a>   |
| Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.<br><a href="http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf">http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf</a> |

## Attachment Check List

| <b>Att Doc Num</b> | <b>Name</b>                |
|--------------------|----------------------------|
| 401238742          | FORM 2 SUBMITTED           |
| 401240515          | WELL LOCATION PLAT         |
| 401240765          | DIRECTIONAL DATA           |
| 401240766          | DEVIATED DRILLING PLAN     |
| 401244681          | OffsetWellEvaluations Data |

|           |                        |
|-----------|------------------------|
| 401307384 | EXCEPTION LOC REQUEST  |
| 401307390 | EXCEPTION LOC WAIVERS  |
| 401307404 | SURFACE AGRMT/SURETY   |
| 401493574 | OFFSET WELL EVALUATION |

Total Attach: 9 Files

### General Comments

| <u>User Group</u> | <u>Comment</u>  | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit            | Final Review Completed.   | 12/19/2017          |
| Engineer          | Corrected name of and distance to the nearest non-op well per attached anti-collision report. OBM will be used.   | 11/24/2017          |
| Permit            | With operator's concurrence corrected the Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation.<br>Permitting Review Complete.   | 11/13/2017          |
| Permit            | With operator concurrence changed right to construct to Oil & Gas lease and checked boxes. Remove exception for twinning letter and unchecked box. Checked box and add date for Buffer Zone. Confirmed operator will run Open Hole Logging and removed extra BMP. Corrected distance to High Occupancy building.<br>Confirmed Oil based mud will be used. Removed Proposed spacing unit and Added spacing order and description. Corrected distance to the nearest mineral lease.<br>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. | 11/07/2017          |
| Permit            | ON HOLD: 1. - confirm the right to construct. 2. - correct distance to nearest well in same formation, Well measured to and how measured. 3. - remove exception for twinning. 4. - check boxes and add date for Buffer Zone. 5. - confirm Open Hole Logging BMP. 6. - confirm distance to High Occupancy building. 7. - confirm if Oil based mud will be used. 8. - remove Proposed spacing unit. 9. Add spacing order and description. 10. - confirm distance to the nearest mineral lease.  | 11/02/2017          |
| Permit            | Passed Completeness.  | 06/23/2017          |

Total: 6 comment(s)