

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:

401367978

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:

08/11/2017

Well Name: Walla

Well Number: 5-6-2L

Name of Operator: CONFLUENCE DJ LLC

COGCC Operator Number: 10518

Address: 1001 17TH STREET #1250

City: DENVER State: CO Zip: 80202

Contact Name: Andrea Gross

Phone: (303)942-0506

Fax: ()

Email: agross@upstreampm.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160056

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 31 Twp: 1N Rng: 65W Meridian: 6

Latitude: 40.002890

Longitude: -104.699010

Footage at Surface: 861 Feet FNL/FSL FSL 480 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5041

County: WELD

GPS Data:

Date of Measurement: 07/06/2017 PDOP Reading: 1.6 Instrument Operator's Name: Kyle Daley

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
470 FNL 2580 FWL 470 FSL 2580 FWL
Sec: 5 Twp: 1S Rng: 65W Sec: 8 Twp: 1S Rng: 65W

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.)

T1S R65W Sec. 5: All

Total Acres in Described Lease: 596 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: 560 Feet
Building Unit: 642 Feet
High Occupancy Building Unit: 4148 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 487 Feet
Above Ground Utility: 477 Feet
Railroad: 2395 Feet
Property Line: 480 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: 07/11/2017

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: 154 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 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	407-2115	1280	Sec. 5 & 8: All

DRILLING PROGRAM

Proposed Total Measured Depth: 18636 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: 0 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	26	16	43	0	80	400	80	0
SURF	13+1/2	9+5/8	36	0	1500	832	1500	0
1ST	8+3/4	5+1/2	17	0	18636	2539	18636	

☐ 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

Distance from completed portion of the proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation was measured to the proposed Walla 5-6-4L using vertical and horizontal separation. Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged well was measured to the permitted Lehl 30-8 operated by HRM Resources II LLC. It was measured from bottom hole to a non-productive portion of the proposed Walla 5-6-2L well. The measurement does not take vertical separation into consideration. Confluence DJ LLC is the surface owner and waives the COGCC Rule 318A.a (GWA Windows) and 318A.c (Twinning Rule). The waiver is stated in the Exception Location Request.

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

Location ID: 453535

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: Andrea Gross

Title: Permit Agent Date: 8/11/2017 Email: agross@upstreampm.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: 1/6/2018

Expiration Date: 01/05/2020

API NUMBER

05 123 46224 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>
	Per operator request, changed surface casing setting depth from 1450' to 1500'. Adjust cement volume accordingly.
	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. 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 non-operated listed wells. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. MELISSA 1 (API 05-001-07623) ADAM TEN 1-A (API 05-123-08740) SAWYER 32-2 (API 05-123-14272) BERGMAN 1 (API 05-001-07415) RAINBOW 1 (API 05-001-08117) MELISSA 13-8 (API 05-001-09473) (run CBL to verify TOC prior to stimulation) 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. SACK-HIETT 1 (API 05-123-07782) SAWYER-GULLIKSEN 32-3 (API 05-123-14671)
	This Permit to Drill is approved subject to all the BMPs and COAs on the most recently approved Form 2A and any subsequently approved Form 4 for the Oil and Gas Location. The most recently approved Form 2A and any subsequent Form 4s containing applicable COAs for this location shall be posted onsite during construction, drilling, and completions operations.

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	Rig with Kelly: The BOP will include a minimum of double ram with blind ram pipe ram, annular preventer or a rotating head. At least one (1) person with training for blowout prevention will be on location during all drilling operations. Rig without Kelly. The BOP will include a minimum of double ram with blind ram and pipe ram. At least one (1) person with training for blowout prevention will be on location during all drilling operations.
2	Drilling/Completion Operations	Confluence will utilize drilling rigs with a minimum of a double ram and annular preventer.
3	Drilling/Completion Operations	BOPE tests will be run upon initial rig-up and at least once every thirty (30) days during drilling operations. 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 will be conducted and the documented results will be retained by the Confluence for inspection by the Director for a period of one (1) year. Activation of the pipe rams for function testing will be conducted on a daily basis when practicable. Adequate blowout prevention equipment will be used on all well servicing operations. Adequate blowout prevention equipment will be used on any servicing operations associated with this well. Stabbing valves will be installed in the event of reverse circulation and will be tested prior with low and high pressure fluid. Valves will be pressure tested before each well servicing operation using both low-pressure and high-pressure fluid.
4	Drilling/Completion Operations	Adequate blowout prevention equipment will be used on any servicing operations associated with this well. Backup staving valves shall be required on well servicing operations during reverse circulation. Valves will be pressure tested before each well servicing operation using both low-pressure and high-pressure fluid.
5	Drilling/Completion Operations	Logging: 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.
6	Drilling/Completion Operations	Anti-collision: Operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.
7	Drilling/Completion Operations	Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Braden-head Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.

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

Att Doc Num	Name
401367978	FORM 2 SUBMITTED
401368109	DIRECTIONAL DATA

401368113	DEVIATED DRILLING PLAN
401371464	EXCEPTION LOC REQUEST
401372694	OffsetWellEvaluations Data
401373179	WELL LOCATION PLAT
401505171	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	01/05/2018
Engineer	317.r, 317.s No stimulation setback consents required.	12/20/2017
Permit	With operator's concurrence changed distance to nearest well in same formation and comment. Corrected the distance to nearest High Occupancy Building. Permitting Review Complete.	12/08/2017
Permit	Open Hole Logging BMP submitted by operator. With operator's concurrence changed distance to nearest well in same formation and comment. ON HOLD: requesting updated distance to nearest High Occupancy Building. Updated distance to nearest well in same formation.	12/04/2017
Permit	Passed Completeness.	11/27/2017
Permit	Per permitting supervisor, this APD will remain in upload until operator conflicts are resolved.	08/11/2017

Total: 6 comment(s)