

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:

401331694

APPLICATION FOR PERMIT TO:

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

Date Received:

10/11/2017

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: OLANDER

Well Number: 8

Name of Operator: CUB CREEK ENERGY

COGCC Operator Number: 10542

Address: 200 PLAZA DRIVE SUITE 100

City: HIGHLANDS
RANCH

State: CO

Zip: 80129

Contact Name: PAUL GOTTLOB

Phone: (720)420-5747

Fax: ()

Email: paul.gottlob@iptenergyservices.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20140112

WELL LOCATION INFORMATION

QtrQtr: NWNE Sec: 29 Twp: 3N Rng: 68W Meridian: 6

Latitude: 40.202880

Longitude: -105.025080

Footage at Surface: 375 Feet FNL/FSL 2171 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5031

County: WELD

GPS Data:

Date of Measurement: 06/08/2017 PDOP Reading: 2.6 Instrument Operator's Name: DAVID BRANDON

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 460 FNL 1650 FWL 460 FSL 1650 FWL 460
Sec: 29 Twp: 3N Rng: 68W Sec: 32 Twp: 3N Rng: 68W

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: 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.)

See attached Lease Map

Total Acres in Described Lease: 157 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: 522 Feet
Building Unit: 559 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 334 Feet
Above Ground Utility: 499 Feet
Railroad: 3870 Feet
Property Line: 315 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: 06/23/2017

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: 269 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CODELL | CODL | 407-2377 | 1280 | Sec 29 & 32: All |

DRILLING PROGRAM

Proposed Total Measured Depth: 17321 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: 1391 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 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? No

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 | 839 | 1500 | 0 |
| 1ST | 8+1/2 | 5+1/2 | 17 | 0 | 17321 | 3096 | 17321 | |

☐ 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

In the attached SUA, noted on Page 3, #8, the Surface Owner has Waived Rule 318A Exception Location drilling window.

For the Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease – the South Section width was used since it is narrowest.

On the Spacing and Formations Tab, Distance from Completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is to the OLANDER 7: 269', Measurement determined using 3D SYSDRIL SOFTWARE.

On the Drilling & Waste Plans tab, Distance from the proposed wellbore to the nearest existing or proposed wellbore belonging to another operator, including plugged wells is to the SRC UNION A-5CHZ: 1391', Measurement determined using 3D SYSDRIL SOFTWARE.

This application is in a Comprehensive Drilling Plan _____ No _____ 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: PAUL GOTTLOB _____

Title: Regulatory & Engin. Tech. _____ Date: 10/11/2017 _____ Email: paul.gottlob@iptenergyservices _____

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: 8/12/2018

Expiration Date: 08/11/2020

API NUMBER

05 123 47543 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) 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.</p> <p>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.</p> |
| | <p>Bradenhead tests shall be performed according to the following schedule and the Form 17 submitted within 10 days of each test:</p> <p>1) Within 60 days of rig release and prior to stimulation and</p> <p>2) If a delayed completion, 6 months after rig release and prior to stimulation.</p> <p>3) Within 30 days after first production, as reported on Form 5A.</p> <p>If a bradenhead test reports a surface casing pressure greater than 200 psig stimulation is not allowed until the Engineering Supervisor has been consulted.</p> |
| | <p>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.</p> |

Best Management Practices

No BMP/COA Type

Description

| | | |
|---|--------------------------------|--|
| 1 | 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. |
| 2 | Drilling/Completion Operations | Operator acknowledges and will comply with COGCC policy for Bradenhead Monitoring during Hydraulic Fracturing treatments in the Greater Wattenberg Area dated May 29, 2012. |
| 3 | Drilling/Completion Operations | 317.p 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. |

Total: 3 comment(s)

Applicable Policies and Notices to Operators

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> |
|---------------------------|----------------------------|
| 401331694 | FORM 2 RESUBMITTED |
| 401367039 | FORM 2 SUBMITTED |
| 401367040 | FORM 2 REJECTED |
| 401424918 | FORM 2 RESUBMITTED |
| 401424919 | FORM 2 REJECTED |
| 401425162 | DIRECTIONAL DATA |
| 401425163 | DEVIATED DRILLING PLAN |
| 401425166 | WELL LOCATION PLAT |
| 401425167 | LEASE MAP |
| 401425168 | EXCEPTION LOC REQUEST |
| 401425169 | SURFACE AGRMT/SURETY |
| 401426223 | OffsetWellEvaluations Data |
| 401731088 | OFFSET WELL EVALUATION |

Total Attach: 13 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit | Final Review Completed. | 08/12/2018 |
| Engineer | Offset wells evaluated. Operator indicated oil based drilling fluids will not be used. | 06/21/2018 |
| Permit | <p>Surface Use Agreement has waivers for Rule 318A.a & 318A.c. See page 3, paragraph 8.</p> <p>Open Hole Logging BMP submitted by operator.</p> <p>With operators concurrence added the spacing order.</p> <p>Permitting Review Complete.</p> | 06/18/2018 |
| Permit | Passed Completeness. | 10/12/2017 |
| Permit | REJECTION COMMENT: The operator has requested this APD be rejected per the Rejection Process criteria that a pad of Form 2's requiring a total of four or more attachments to be revised will be rejected. The operator is extending the wellbore causing most of the attachments to be revised for a total of 20 APD's. Operator and COGCC staff have been consulted. | 10/10/2017 |
| Permit | <p>Surface Use Agreement has waivers for Rule 318A.a & 318A.c. See page 3, paragraph 8.</p> <p>Open Hole Logging BMP submitted by operator.</p> <p>Per operator change the distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation from 269' to 165' and updated comments. Also changed "will minerals be developed" to Yes.</p> <p>Permitting Review Complete.</p> <p>ON HOLD: w/o spacing order hearing.</p> | 08/14/2017 |
| Permit | Passes completeness. | 08/09/2017 |
| Permit | REJECTION COMMENT: The operator has requested this APD be rejected per the Rejection Process criteria that a pad of Form 2's requiring a total of four or more attachments to be revised will be rejected. The Well Location Plat has cultural distances that are incorrect and need removed for a total of 20 APD's. Operator and COGCC staff have been consulted. | 08/07/2017 |
| Permit | <p>Passes completeness.</p> <p>Docket #170900607 submitted for September hearing.</p> <p>Advised operator that "minerals beneath location will be developed" is YES.</p> <p>Buffer zone notification date will be corrected to match related 2A.</p> | 07/26/2017 |

Total: 9 comment(s)