

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:

401654626

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:

06/11/2018

Well Name: Bighorn

Well Number: 40-17H-P267

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: Erin Lind

Phone: (720)410-8478

Fax: ()

Email: erin.lind@crestonepr.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160104

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 17 Twp: 2N Rng: 67W Meridian: 6

Latitude: 40.133682

Longitude: -104.907661

Footage at Surface: 924 Feet FNL/FSL FSL 690 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4960

County: WELD

GPS Data:

Date of Measurement: 01/20/2018 PDOP Reading: 1.2 Instrument Operator's Name: Travis Winnicki

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

Footage at Top of Prod Zone: FNL/FSL FSL 460 FSL 1212 FEL FEL 2649 FSL 1255 FEL
Sec: 17 Twp: 2N Rng: 67W Sec: 8 Twp: 2N Rng: 67W

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: 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.)

T2N-R67W Section 17: W2SE, SESE

Total Acres in Described Lease: 120 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: 705 Feet
Building Unit: 1057 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 904 Feet
Above Ground Utility: 947 Feet
Railroad: 5280 Feet
Property Line: 331 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: 04/19/2018

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: 137 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

Proposed Spacing Unit: S2NE, SE Sec. 8; E2 Sec. 17 T2N R67W

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		560	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 15308 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: 137 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	24	16	42	0	98	78	98	0
SURF	13+1/2	9+5/8	40	0	2389	919	2389	0
1ST	8+1/2	5+1/2	20	0	15308	2127	15308	

☐ 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 distance from completed portion of the proposed wellbore to nearest wellbore permitted/completed in the same formation is the Sater 24-8, 123-31752, operated by Kerr McGee.
The distance to nearest well belonging to another operator is the Sater 24-8, 123-31752, operated by Kerr McGee. This well falls within 150' of the completed interval so a consent letter per Rule 317.s. is attached.
There is another well within 150' of the proposed wellbore that is not operated by CPR: Miller 1, 123-07272, operated by Extraction. This well is not within the completed interval therefore only notice per Rule 317.r. is required.
Interwell distances were determined using our in-house 3D anti-collision reports.
Open Hole Logging Exception requested. See attached letter.

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

Location ID: 440933

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: Toby Sachen

Title: Contractor Date: 6/11/2018 Email: toby.sachen.contractor@cresto

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: 11/21/2018

Expiration Date: 11/20/2020

API NUMBER

05 123 48763 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>
	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>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 48 hour spud notice for all subsequent wells drilled on the pad.</p> <p>2) Comply with Rule 317.j and provide cement coverage from the end of production casing to a minimum of 200' above Niobrara and from 200' below Shannon to 200' above Sussex. Verify coverage with cement bond log.</p> <p>3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.</p>
	<p>Operator acknowledges the proximity of the listed well: 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") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>Miller 2-17 (API 123-16647)</p>
	<p>Operator acknowledges the proximity of the following 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") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.</p> <p>Alvin State 1 (API 123-10602) Miller 1 (API 123-07272) Perrin Gas Unit 1 (API 123-09841) Perrin 2-20 (API 123-14248) State Dechant 2-16 (API 123-14247)</p>
	<p>Operator will submit signed Rule 317.s Stimulation Setback Consents via Sundry Notice, Form 4 prior to stimulation of this well.</p> <p>In the Form 5A comments, operator will (1) certify that this well has no treated interval within 150' of the treated interval of another operator's well for which a signed Stimulation Setback Consent was not obtained, (2) provide the following information for all other operator's offset wells without consent that have a treated interval within 150' of this as-drilled wellbore: well name and API number, depth of the perforation in this well nearest to the treated interval of the offset well, and the distance between the wells at that depth, and (3) address the wells listed below as either (a) obtained consent or (b) treated interval more than 150' away from this as-drilled wellbore.</p> <p>Sater 24-8 (API 123-31752)</p>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test:</p> <p>1) Within 60 days of rig release and prior to stimulation or</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>

Best Management Practices

No	BMP/COA Type	Description
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	One of the first wells drilled on the pad will be logged with Cased hole Pulsed Neutron Log with 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 in that well and have those logs attached. The Form 5 for each well shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well.

Total: 7 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

Att Doc Num	Name
401654626	FORM 2 SUBMITTED
401654692	WELL LOCATION PLAT
401654693	OTHER
401654694	DEVIATED DRILLING PLAN
401654695	DIRECTIONAL DATA
401654813	EXCEPTION LOC WAIVERS
401654814	SURFACE AGRMT/SURETY

401658980	OffsetWellEvaluations Data
401668722	PROPOSED SPACING UNIT
401689975	EXCEPTION LOC REQUEST
401689977	OPEN HOLE LOGGING EXCEPTION
401848472	OFFSET WELL EVALUATION

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Per operator, checked buffer zone box and input date of buffer zone notification to building unit owners. Final Review Completed.	11/16/2018
Engineer	Offset Wells Evaluated. Modified operator of Miller #1 from Kerr McGee to Extraction with operator agreement.	09/10/2018
Permit	Passed Completeness.	08/07/2018
Permit	Returned to draft without completeness review pending outcome of hearing for GWA wellbore unit objection.	07/02/2018
Permit	Returned to draft: Operator request.	06/29/2018
Permit	Returned to draft for: Logging exception provided is not adequate. GR log starts at 4400'. Another well needs to be provided or the exception needs to be removed and the BMP changed. There are 12 abandoned API's on this pad. These need to be used on the new APD's and a comment needs to be provided on the changes.	06/18/2018

Total: 6 comment(s)