

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:

401860253

Date Received:

12/06/2018

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: BHR FED

Well Number: O23-14-397-4RH

Name of Operator: AUGUSTUS ENERGY PARTNERS II LLC

COGCC Operator Number: 10591

Address: 2016 GRAND AVENUE SUITE A

City: BILLINGS State: MT Zip: 59102

Contact Name: Duane Zimmerman

Phone: (406)294-5990

Fax: (406)294-5992

Email: dzimmerman@augustusenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20150098

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 23 Twp: 3N Rng: 97W Meridian: 6

Latitude: 40.208617

Longitude: -108.240532

Footage at Surface: 523 Feet FNL/FSL FSL 1249 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 6079

County: RIO BLANCO

GPS Data:

Date of Measurement: 06/05/2017 PDOP Reading: 1.3 Instrument Operator's Name: K. Stewart

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
600 FSL 2310 FEL 600 FNL 2310 FEL
Sec: 23 Twp: 3N Rng: 97W Sec: 14 Twp: 3N Rng: 97W

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.)

There are five (5) mineral leases that lie along the path of the horizontal wellbore that will be produced from this well. All of these leases are committed to a Federal Exploratory Unit identified as the Wiley Unit (COC75390X). The following mineral lease lies below the SHL and will be the first mineral lease penetrated at the top of the producing interval:

Sec. 22, T3N, R97W: E/2SW/4, SE/4
Sec. 23, T3N, R97W: NW/4SW/4, S2/S/2
Sec. 24, T3N, R97W: SW/4
Sec. 26, T3N, R97W: NE/4NE/4, SW/4

Total Acres in Described Lease: 800 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: 5280 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 3103 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: _____

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: 1000 Feet

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

Federal or State Unit Name (if appl): Wiley Unit Number: COC75390X

SPACING & FORMATIONS COMMENTS

Nearest Wiley Unit boundary is the eastern section line of Section 24, T3N, R97W.

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			

DRILLING PROGRAM

Proposed Total Measured Depth: 20707 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 609

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	20	104	0	80		80	0
SURF	17+1/2	13+3/8	68	0	3300	1327	3300	0
1ST	12+1/4	9+5/8	43.5	0	10130	1319	10130	3100
1ST LINER	8+1/2	5+1/2	20	9930	20707	1471	20707	9930

☐ 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 This refile APD is exactly the same as the previously approved permit. No attachments are included.

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

Location ID: 430926

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Pascual R. Laborda

Title: Permitting & Regulatory Date: 12/6/2018 Email: plaborda@augustusenergy.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: 3/3/2019

Expiration Date: 03/02/2021

API NUMBER

05 103 12289 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**

	1) Operator shall comply with the most current revision of the Northwest Notification Policy.
	2) Operator shall provide cement coverage from the production casing shoe (9+5/8" FIRST STRING) to a minimum of 200' above all Mesaverde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	The first well drilled on the BHR O23-397 well pad has been logged with an open-hole resistivity log with gamma-ray from TD into the surface casing. The Well being used for the open-hole resistivity log with gamma ray is the Wiley 23-3-97 H1 (API # 05-103-11954), Doc No. 2226680. All subsequent wells on the pad will have a cement bond log with gamma-ray run on the production casing (or intermediate casing if production liner is run). All wells on the pad will have the horizontal portion of the wellbore logged with, at minimum, measured-while-drilling log with gamma ray.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf

Notice Concerning Operating Requirements for Wildlife Protection.

http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401860253	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Refile APD with no changes from original approved APD	02/26/2019
Engineer	<p>Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest permitted water well within one mile is 300 feet deep. The proposed surface casing setting depth is more than 50' below the depth of the deepest water well within 1 mile of the surface location when corrected for elevation differences.</p> <p>COGCC's geologic map indicates the Wasatch Formation is at the surface at this location. Proposed surface casing setting depth of 3300 feet will not provide full coverage of the Mesaverde Group based on Operator's geologic prognosis. Minimum cement coverage requirements are specified in Condition of Approval #2.</p> <p>Offset Well Evaluation: There are no existing non-operated offset oil and gas wellbores within 1500' of this proposed wellbore. Existing operated offset oil and gas wellbores within 1,500 feet of this proposed wellbore meet standards. No mitigation required.</p>	12/10/2018
Permit	No field name entered. Checked scout card and entered Wildcat. Passed completeness.	12/10/2018
Permit	Returned to draft at request of operator.	12/06/2018

Total: 4 comment(s)