

**APPLICATION FOR PERMIT TO:**

**Drill**       Deepen       Re-enter       Recomplete and Operate

Date Received: 03/20/2019

TYPE OF WELL OIL  GAS  COALBED  OTHER: \_\_\_\_\_ Refilling   
 ZONE TYPE SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES  Sidetrack

Well Name: Millican Well Number: 1-7  
 Name of Operator: WAULCO RESOURCES LLC COGCC Operator Number: 10715  
 Address: 146 CAPULIN PLACE  
 City: CASTLE ROCK State: CO Zip: 80108  
 Contact Name: Chuck Pollard Phone: (303)549-7801 Fax: ( )  
 Email: gce.cpollard@gmail.com

**RECLAMATION FINANCIAL ASSURANCE**  
 Plugging and Abandonment Bond Surety ID: 20180168

**WELL LOCATION INFORMATION**  
 QtrQtr: NENE Sec: 7 Twp: 32S Rng: 47W Meridian: 6  
 Latitude: 37.276360 Longitude: -102.743010  
 Footage at Surface: 1077 Feet FNL/FSL FNL 211 Feet FEL/FWL FEL  
 Field Name: WILDCAT Field Number: 99999  
 Ground Elevation: 4627 County: BACA  
 GPS Data:  
 Date of Measurement: 06/06/2018 PDOP Reading: 1.9 Instrument Operator's Name: Elijah Frane  
 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 \_\_\_\_\_  
 Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_ Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

**LOCAL GOVERNMENT INFORMATION**  
 County: BACA Municipality: N/A  
 Per § 34-60-106 (1)(f)(I)(A), the following questions pertain to the "local government with jurisdiction to approve the siting of the proposed oil and gas location."  
 The local government with jurisdiction is: County  
 Does the local government with jurisdiction regulate the siting of Oil and Gas Locations, with respect to this COGCC application? If the local government has waived its right to precede the COGCC in siting determination, indicate by selecting "NO" here and selecting "Waived" below.  Yes  No  
 If yes, in checking this box, I hereby certify that an application has been filed with the local government with jurisdiction to approve the siting of the proposed oil and gas location.   
 The local government siting permit type is: \_\_\_\_\_  
 The local government siting permit was filed on: \_\_\_\_\_  
 The disposition of the application filed with the local government is: \_\_\_\_\_

Additional explanation of local process:

**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.)

NE/4 of Section 7, T32S, R47W.

Total Acres in Described Lease: 160 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: 211 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: 1077 Feet

Above Ground Utility: 243 Feet

Railroad: 5280 Feet

Property Line: 211 Feet

School Facility: 5280 Feet

School Property Line: 5280 Feet

Child Care Center: 5280 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, Designated Outside Activity Area, School Facility, and Child Care Center – 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: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 660 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

**SPACING & FORMATIONS COMMENTS**

40 ACRE VOLUNTARY POOLED AREA AS SHOWN ON THE ATTACHED DECLARATION OF POOLING

**OBJECTIVE FORMATIONS**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
LANSING-KANSAS CITY	LGKC		40	Voluntary Pooling
MISSISSIPPIAN-PENNSYLVANI	MS-PN		40	Voluntary Pooling

**DRILLING PROGRAM**

Proposed Total Measured Depth: 7500 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? No

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? Yes

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 609

**DRILLING WASTE MANAGEMENT PROGRAM**

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Evaporation

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

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
SURF	12+3/4	8+5/8	24	0	500	190	500	0
1ST	7+7/8	5+1/2	15.5	0	7500	830	7500	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 Waulco Resources LLC respectfully requests Expedited Approval to help keep our rig mobilization cost down. WW Drilling is available for our use and is in our proposed well drilling area in late May or early June. The COGCC's consideration of this request will be much appreciated (see attached Expedited Approval Request letter).

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: Chuck Pollard

Title: President/CEO Date: 3/20/2019 Email: gce.cpollard@gmail.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, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved:  \_\_\_\_\_ Director of COGCC Date: 7/23/2019

Expiration Date: 07/22/2021

**API NUMBER**  
05 009 06684 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>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.:</p> <ol style="list-style-type: none"><li>1) All: Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.</li><li>2) Delayed completion: 6 months after rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.</li><li>3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.</li></ol>
	<ol style="list-style-type: none"><li>1) Submit Form 42 online to COGCC 48 hours prior to MIRU (spud notice).</li><li>2) Note increased surface casing to 500'. See Comments.</li><li>3) Provide cement coverage to a minimum of 200' above shallowest completed interval. Verify coverage with cement bond log.</li><li>4) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the Morrow, 40 sks cement across any zone or DST w/ show, 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.</li></ol>

## Best Management Practices

<b>No</b>	<b>BMP/COA Type</b>	<b>Description</b>
1	General Housekeeping	Housekeeping will consist of neat and orderly storage of all materials and fluids. Waste will be collected and temporarily stored in sealed containers and regularly disposed of at offsite, suitable facilities. If spills occur, prompt cleanup is required to minimize any commingling of waste materials with stormwater runoff. Routine maintenance will be limited to fueling and lubrication of equipment. Drip pans will be used during fueling and maintenance to contain any spills or leaks. Any waste product from maintenance will be placed in a container and transported offsite for disposal or recycling. Cleanup of trash and discarded materials will be conducted at the end of each day, or more often if necessary. Cleanup will consist of patrolling the roadway, access areas, and other work areas to pick up any trash, scrap debris, other discarded materials.
2	Storm Water/Erosion Control	The area for this location is relatively flat with natural drainage to the west and east. The location will be built to take into account the natural drainage for the area and the runoff from storm conditions will be directed around the perimeter of the location so as not to erode the location and not to come into contact with any drilling equipment, pit fluids, etc. Culverts will be installed if necessary to maintain proper flow around the site perimeter. BMP's will be specific to each individual well location and will remain in effect and maintained until the pad location reaches final reclamation.
3	Material Handling and Spill Prevention	During drilling and completion operations, storage areas will be graded towards the pit as a safety measure. During production operations, implementation of Spill Prevention, Control and Countermeasure (SPCC) Plan will take place. Additionally, the lease will be inspected daily by our Lease Operator. All stock and produced water tanks will have secondary containment.
4	Construction	Access road, well pad and pit disturbances will be kept to a minimum. Soils will be segregated by type to facilitate the reclamation process. Storm water controls will be properly implemented and routinely inspected.
5	Construction	With a dry stream bed to the west of the proposed pad location, structural practices will be implemented at the site to minimize erosion and sediment transport. Practices may include, but not limited to: straw bales, wattles/sediment control logs, silt fences, earthen dikes, drainage swales, sediment traps, subsurface drains, pipe slope drains, culverts, inlet protection, outlet protection, and temporary sediment basins.
6	Drilling/Completion Operations	Per Rule 317.p: Open-hole Resistivity Log with Gamma Ray Log will be run from TD into the surface casing. A Cement Bond Log with Gamma Ray will be run on production casing, or on intermediate casing if a production liner is run. The Form 5, Completion Report, will list all logs run and have those logs attached.  Implementation of the Stormwater Management Plan (SWMP) including routine inspections and evaluation of effectiveness will commence with drilling operations.  Tank battery will be located a safe distance from public roads and well head. Full containment for stock tanks and separators will be standard operations.  All pipelines will be limited to the pad location. Common trenches will be used when practical. Oil will be trucked from location, and produced water will be transported to an approved disposal facility.
7	Interim Reclamation	Debris and waste materials will be removed from location. Areas not in use will be reclaimed promptly; pits closed using segregated material; well pad and other compacted surfaces will be ripped for drainage purposes. Noxious weeds will be controlled.
8	Final Reclamation	All equipment and debris will be removed. All remaining disturbed areas, including access roads, will be reclaimed. Noxious Weed Control Plan may be developed if appropriate.

Total: 8 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](http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf)

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401975010	FORM 2 SUBMITTED
401976774	DECLARATION OF POOLING
401976781	LOCATION DRAWING
401976782	OTHER
401978575	EXPEDITED APPROVAL REQUEST
401978580	OIL & GAS LEASE
401978593	OIL & GAS LEASE
401978599	OIL & GAS LEASE
401978652	OIL & GAS LEASE
401986020	WELL LOCATION PLAT
401986026	UNIT CONFIGURATION MAP
402007511	SURFACE AGRMT/SURETY
402007512	SURFACE AGRMT/SURETY
402007513	SURFACE AGRMT/SURETY

Total Attach: 14 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Salt Sections have been determined to not contain Cl concentrations in exceedence of 15,000 ppm. Drilling operations will encounter salt sections, however drilling fluids will not exceed 15,000 ppm Cl concentrations.	07/23/2019
Permit	The Objective Criteria Review Memo (Doc# 1010692) is attached to the Form 2A associated with this APD. Following additional analysis arising out of the Objective Criteria, the Director determined that this application meets the standard for the protection of public health, safety, welfare, the environment and wildlife resources set by SB 19-181.  Final Review Completed.	07/15/2019
Permit	Per phone conversation with operator on 7/15/2019, corrected right to construct to O&G lease, lease description and lease acreage (see O&G lease description attachments). Also revised voluntary pooling comment and added 40 acre voluntary pooled unit to the objective formations.	07/15/2019
Permit	Entered the Local Government Information provided by the operator.	07/15/2019
OGLA	Per Operator, Salt Sections will not be encountered during drilling operations. Changed Salt Sections to NO. Changed the Drilling Waste Management to ONSITE and Evaporation.	07/12/2019
Engineer	Increased surface casing to 500' due to water well depths and base of Dakota Group: Receipt=0290741, Permit=152144---SENE 7-32S-47W, 0.3 mi S, 400' deep, ground surface ~4635, drillers log says Morrison at 380-400'. Receipt=9072702, Permit=20049-FP, SW 9-32S-47W, 1.4 mi SE, 500' deep, ground surface ~4590', drillers log says Morrison top (green shale) was 500'. Set surface 50' below base of Dakota (50' below Morrison top).	04/29/2019
Permit	Passed completeness.	04/15/2019
Permit	Returned to draft - SUA not attached.	04/11/2019
Permit	Returned to draft: BMP's listed are for form 2A with the exception of Rule 317.p., Attachments are for form 2A with the exception of Oil & Gas Lease, Well Location Plat, Expedited Approval Request.	03/25/2019

Total: 9 comment(s)