

FORM
2

Rev
08/19

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:

401970865

Date Received:

03/25/2019

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: Trail Gulch Unit 1090

Well Number: 30-H2

Name of Operator: GUNNISON ENERGY LLC

COGCC Operator Number: 10515

Address: 1801 BROADWAY #1150

City: DENVER State: CO Zip: 80202

Contact Name: Jessica Donahue

Phone: (303)595-7623

Fax: ()

Email: Jessica.Donahue@oxbow.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20140052

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 30 Twp: 10S Rng: 90W Meridian: 6

Latitude: 39.157196

Longitude: -107.477496

Footage at Surface: 1005 Feet FNL/FSL FSL 1913 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 8123

County: GUNNISON

GPS Data:

Date of Measurement: 10/19/2017 PDOP Reading: 1.2 Instrument Operator's Name: Bart Hunting

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

1807 FSL 1711 FEL 724 FNL 659 FWL
Sec: 30 Twp: 10S Rng: 90W Sec: 18 Twp: 10S Rng: 90W

LOCAL GOVERNMENT INFORMATION

County: GUNNISON

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: Oil and Gas Operating Permit

The local government siting permit was filed on: 04/09/2019

The disposition of the application filed with the local government is: Approved

Additional explanation of local process:

Approved 7/9/2019

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.)

Section 18: All, Section 19: All, Section 30: All, excluding HES 255; All in T10S, R90W, 6th P.M. Oil and gas lease was originally 2069 Acres, but due to re-survey done in 2016, acres are now 2075 as noted below.

Total Acres in Described Lease: 2075 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC013600

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 659 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

| | | |
|-----------------------------------|-------------|------|
| Building: | <u>3383</u> | Feet |
| Building Unit: | <u>3383</u> | Feet |
| High Occupancy Building Unit: | <u>5280</u> | Feet |
| Designated Outside Activity Area: | <u>5280</u> | Feet |
| Public Road: | <u>5280</u> | Feet |
| Above Ground Utility: | <u>5280</u> | Feet |
| Railroad: | <u>5280</u> | Feet |
| Property Line: | <u>2355</u> | Feet |
| School Facility: | <u>5280</u> | Feet |
| School Property Line: | <u>5280</u> | Feet |
| Child Care Center: | <u>5280</u> | 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: 1320 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 659 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Trail Gulch Unit Number: COC078145X

SPACING & FORMATIONS COMMENTS

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number: _____

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| MANCOS | MNCS | | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 24407 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? _____

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 | 40 | 0 | 120 | 200 | 120 | 0 |
| SURF | 12+1/4 | 9+5/8 | 43.5 | 0 | 3500 | 624 | 3500 | 0 |
| 1ST | 8+3/4 | 5+1/2 | 23 | 0 | 24407 | 3396 | 24407 | 6500 |
| S.C. 1.1 | 8+3/4 | 5+1/2 | 23 | 0 | 6500 | 1051 | 6500 | 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

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 453805

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: Jessica Donahue

Title: Regulatory Supervisor Date: 3/25/2019 Email: Jessica.Donahue@oxbow.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: 11/12/2019

Expiration Date: 11/11/2021

API NUMBER

05 051 06158 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

| | |
|--------------------------------|---|
| Drilling/Completion Operations | <p>1) Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>2) Operator shall provide cement coverage from the production casing shoe (5+1/2" 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.</p> <p>3) The Operator shall monitor the bradenhead pressure of the proposed well and all offset wells under Operator's control which penetrate the stimulated formation and have a treated interval separation of 300 feet or less. Monitoring shall occur from 24 hours prior to stimulation and shall continue until 24 hours after stimulation is complete. Recording shall be at a frequency of at least once per 24 hours with the capability of recording the maximum pressure observed during each 24 hour period. Operator shall notify COGCC Engineering staff if bradenhead pressures increase by more than 200 psig.</p> <p>4) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.</p> |
|--------------------------------|---|

Best Management Practices

No BMP/COA Type

Description

| | |
|----------------------------------|--|
| 1 Drilling/Completion Operations | Alternative Logging Program: One of the first wells drilled on the pad will be logged with open-hole resistivity log with 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 state, "Alternative Logging Program - No open-hole logs were run", and shall clearly identify the type of log and the well (by API#) in which open-hole logs were run. |
|----------------------------------|--|

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> |
|--------------------|----------------------------|
| 401970865 | FORM 2 SUBMITTED |
| 401971999 | DIRECTIONAL DATA |
| 401972006 | WELL LOCATION PLAT |
| 401972151 | OffsetWellEvaluations Data |
| 401983352 | DEVIATED DRILLING PLAN |
| 402236590 | OFFSET WELL EVALUATION |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit | IN PROCESS -COGCC Staff has added the Local Government siting permit information and the School and Childcare Center distances provided by the operator. -Well is corrected from N/A to Horizontal -Drilling BMP updated to reflect horizontal drilling | 11/12/2019 |
| Final Review | ON HOLD to resolve issues with Form 2A. | 11/07/2019 |
| Permit | COGCC staff conducted its technical review of this Form 2 Application for Permit to Drill (APD) and the associated Form 2A Oil and Gas Location Assessment within the context of SB 19-181 and the required Objective Criteria. This APD and the Form 2A did not meet any of the Objective Criteria and are compliant with all applicable COGCC rules. | 08/23/2019 |
| Engineer | Updated Drilling & Waste Plans and Casing tabs per operator. | 04/04/2019 |
| Engineer | 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 was used to evaluate the adequacy of the operator's proposed surface casing setting depth. There are no existing, non-commercial, permitted water wells within 1 mile of this surface hole location. Offset Well Evaluation: There are no existing oil and gas wellbores belonging to another operator within 1500' of this wellbore. Existing operated offset oil and gas wellbores within 1,500' of this wellbore meet standards. No mitigation required. | 04/04/2019 |
| Permit | Passed completeness. | 03/27/2019 |

Total: 6 comment(s)