

FORM

2

Rev
02/20

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:

401785951

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate
TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____Refiling ☐

Date Received:

11/12/2019

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: GUS LD

Well Number: 15-023HC

Name of Operator: GREAT WESTERN OPERATING COMPANY LLC

COGCC Operator Number: 10110

Address: 1001 17TH STREET #2000

City: DENVER State: CO Zip: 80202

Contact Name: Natalie Svendsen

Phone: (720)595-2194

Fax: ()

Email: nsvendsen@gwogco.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160041

WELL LOCATION INFORMATION

QtrQtr: SENE Sec: 21 Twp: 1S Rng: 67W Meridian: 6

Latitude: 39.952980

Longitude: -104.885947

Footage at Surface: 1693 Feet FNL/FSL FNL 456 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5122

County: ADAMS

GPS Data: GPS Quality Value: 1.2 Type of GPS Quality Value: PDOP Date of Measurement: 06/12/2018

Instrument Operator's Name: Greg Weimer

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.
 Footage at Top of Prod Zone: FNL/FSL FNL 2546 FNL 780 FNL 370 FNL 755 FNL
 Sec: 22 Twp: 1S Rng: 67W Sec: 15 Twp: 1S Rng: 67W

LOCAL GOVERNMENT INFORMATION

County: ADAMS

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 location? If the local government does regulate the siting, but has waived its right to precede the COGCC in siting determination, indicate by selecting "YES" here and selecting "Waived" for the disposition below.

☒ Yes ☐ NoIf 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: AUSR

The local government siting permit was filed on: 12/18/2018

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

Additional explanation of local process:

The AUSR was approved on 04/24/2019

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: No

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.)

Lease Description: 160 acres
Township 1S, Range 67W, 6th P.M.
Section 22- NW 1/4

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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1197 Feet

Building Unit: 1205 Feet

High Occupancy Building Unit: 2485 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1115 Feet

Above Ground Utility: 431 Feet

Railroad: 5280 Feet

Property Line: 456 Feet

School Facility: 3643 Feet

School Property Line: 3643 Feet

Child Care Center: 2415 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: 09/04/2018

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: 269 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 100 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

Spacing Unit Description: 960 acres
Township 1S, Range 67W, 6th p.m.
Section 15: All
Section 22: N2

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.)
CODELL	CODL	407-2794	960	SEC15:ALL SEC22:N2

DRILLING PROGRAM

Proposed Total Measured Depth: 16181 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: 281 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
SURF	13+1/2	9+5/8	36	0	1700	665	1700	0
1ST	8+1/2	5+1/2	17	0	16181	1873	16181	4502

☒ 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 Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation was measured to the proposed Gus LD 15-023HN, located on the same wellpad. The distance was measured in 3D.

The nearest wellbore belonging to another operator was measured to the Kortum (OWP) #3 (API #05-001-07085) owned by Energy Search CO ADBA Energy Search CO Inc. The distance was measured in 2D. The well status is SI.

This well has a bottom hole location beyond the unit boundary setback. The bottom of the completed interval will be within the unit boundary set back at 470 FNL and 755 FWL of section 15. The wellbore beyond the unit boundary setback will be physically isolated and will not be completed.

The surface owner has waived Rule 318A.a and Rule 318A.c in the Surface Use Agreement on pages 1 and 2, in the fourth and fifth paragraphs.

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

Location ID: 476754

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: Andrea Gross

Title: Permit Agent Date: 11/12/2019 Email: agross@upstreampm.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: 6/11/2020

Expiration Date: 06/10/2022

API NUMBER

05 001 10516 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>
Drilling/Completion Operations	COGCC COA: Operator will insure the wellbore beyond the unit boundary setback is physically isolated and is not completed. In the Operator Comments on the Form 5A the operator will (1) report the footages from the section lines of the bottom of the completed interval (2) describe how the wellbore beyond the unit boundary setback is physically isolated and (3) certify that none of the wellbore beyond the setback was completed.
Drilling/Completion Operations	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.
Drilling/Completion Operations	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. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.
Drilling/Completion Operations	Per COGCC Order 1-232, Bradenhead tests shall be performed according to the following schedule and Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 2) If a delayed completion, 6 months after rig release and prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	<p>Drill stem tests (Rule 604.c.(2)L)</p> <p>Conventional drill stem tests will not be conducted on DJ Basin horizontal wells currently being executed or planned by GWOC. If plans change in the future a well specific drill stem testing plan will be prepared for that particular well. Note that GWOC may elect to use one of several available wireline deployed tools for the purpose of measuring down hole formation pressures and/or collecting down hole fluid samples from the target formation(s) of a particular well.</p>
2	Drilling/Completion Operations	<p>Wellbore Collision Prevention – Rule 317.r</p> <p>Prior to drilling operations, GWOG 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 well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottom hole 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.</p>
3	Drilling/Completion Operations	<p>Stimulation Setback – Rule 317.s</p> <p>GWOG shall obtain signed written consent for any portion of the proposed wellbore's treated interval within 150' of an existing (producing, Shut-in, or temporarily abandoned) or permitted oil and gas well's treated interval belonging to another operator prior to completion of the well.</p>
4	Drilling/Completion Operations	<p>BOPE for well servicing (Rule 604.c.(2)J)</p> <p>A BOPE with a minimum pressure rating of 3,000 psi will be utilized. At a minimum it will consist of 2 ram preventers and 1 annular preventer. The blind rams will be positioned below the pipe rams. A backup system of pressure control will be onsite consisting of at a minimum 1,000 psi accumulator (backup pressure). Accumulator is tested to 1,000 psi. Operator may use fixed sized pipe rams matching the tubular size. The annular preventer will be pressure tested to 250 psi low and 2,000 psi high for 10 minutes each. The ram preventers will be tested to 250 psi low and 2,500 psi high for 10 minutes each. All remaining well control equipment will be tested to 250 psi low and 2,500 psi high for 10 minutes each. The pressure tests will be conducted when the equipment is first installed and every 30 days thereafter. Pipe rams and blind rams will be function tested before every well service operation. Annual BOP inspections and pressure tests will be performed by the service company and will be charted & retained for 1 year. Backup stabbing valves shall be used on operations that require reverse circulation. Valves will be pressure tested before each well service operation in low pressure and high pressure range. The GWOC onsite representative will be certified in Well Control Operations by a Well-Cap certified training service.</p>
5	Drilling/Completion Operations	<p>Bradenhead Monitoring</p> <p>GWOC will comply with the "COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012.</p>
6	Drilling/Completion Operations	<p>Alternative Logging Program: 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 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 and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "Alternative Logging Program - No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run."</p>

Total: 6 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>
401785951	FORM 2 RESUBMITTED
402206132	FORM 2 REJECTED
402233854	OffsetWellEvaluations Data
402233862	DEVIATED DRILLING PLAN
402233863	WELL LOCATION PLAT
402233865	LEASE MAP
402233867	SURFACE AGRMT/SURETY
402233869	EXCEPTION LOC REQUEST
402234045	DIRECTIONAL DATA
402419828	OFFSET WELL EVALUATION

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	06/08/2020
Permit	The Objective Criteria Review Memo (Doc# 1010908) is attached to the Form 2A associated with this form. 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.	06/08/2020
Permit	Permitting Review Complete.	02/04/2020
Permit	Passed completeness.	12/02/2019
Permit	•Returned to draft at Operator's request.	11/15/2019
Permit	•Returned to draft at Operator's request.	11/14/2019
Permit (Rejected)	REJECTION: This APD has been rejected per the COGCC Rejection Process (updated May 21, 2019). Order 407-2794 does not allow the producing interval of the wellbore to be located closer than 100' from the southern boundary of the unit when targeting the Codell Formation. The top of the producing interval is closer than 100' on this APD, and on 8 other APDs on this same pad. The attached exception location request states the waivers are attached but they are within the SUA. This exception location request is attached to this APD, and 35 other APDs on this same pad. This entire form was not reviewed by permitting staff.	10/10/2019
Engineer	Offset Wells Evaluated.	09/26/2019
Permit	Passed completeness.	12/11/2018
Permit	Returned to draft - missing document # on the Exception Loc Request	12/10/2018

Total: 10 comment(s)