

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:
402385112

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

Date Received:
06/12/2020

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER: _____ Refilling ☐
ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐ Sidetrack ☐

Well Name: NELSON Well Number: 35-19HZ
Name of Operator: KERR MCGEE OIL & GAS ONSHORE LP COGCC Operator Number: 47120
Address: P O BOX 173779
City: DENVER State: CO Zip: 80217-3779
Contact Name: Samantha Petite Phone: (720)929-3167 Fax: ()
Email: Samantha_Petite@oxy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 35 Twp: 2N Rng: 68W Meridian: 6
Latitude: 40.101355 Longitude: -104.972441
Footage at Surface: 336 Feet FNL/FSL FNL 2084 Feet FEL/FWL FWL
Field Name: WATTENBERG Field Number: 90750
Ground Elevation: 4953 County: WELD
GPS Data: GPS Quality Value: 1.4 Type of GPS Quality Value: PDOP Date of Measurement: 12/09/2019
Instrument Operator's Name: NICK KACZMARCZYK
If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.
Footage at Top of Prod Zone: FNL/FSL FNL/FWL Bottom Hole: FNL/FSL FNL/FWL
98 FSL 2123 FWL 2311 FNL 2044 FWL
Sec: 26 Twp: 2N Rng: 68W Sec: 23 Twp: 2N Rng: 68W

LOCAL GOVERNMENT INFORMATION

County: WELD Municipality: Frederick

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: Municipality

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 ☐ 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: Special Use Permit

The local government siting permit was filed on: 07/11/2019

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

Additional explanation of local process:

The NELSON 28-35HZ is located within the town of Frederick.

Kerr McGee Onshore LP (KMG) met with town of Frederick Planning Department staff for a pre-application meeting on 3/19/19.

KMG Hosted a community meeting on 5/22/19 at the Frederick Town Hall. Invites were sent to residents 1 mile from the pad.

The NELSON 28-35HZ Special Use Permit Application was submitted on 7/11/2019 and approved 9/8/2020.

The Emergency Action plan has been submitted to the Frederick-Firestone Fire Department for review.

The Haul route was agreed upon the Town of Frederick during the local government permitting 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: 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.)

Township 2 North, Range 68 West, 6th P.M.

Section 35: ALL

Weld County, Colorado

The completed portion of the wellbore does not penetrate the described lease, but the lease is within the unit.

Total Acres in Described Lease: 640 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: 1687 Feet

Building Unit: 1687 Feet

High Occupancy Building Unit: 4461 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 319 Feet

Above Ground Utility: 381 Feet

Railroad: 5280 Feet

Property Line: 336 Feet

School Facility: 4461 Feet

School Property Line: 4012 Feet

Child Care Center: 4603 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: 155 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 522 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

PROPOSED SPACING UNIT
02N68W SEC 23:SENE, E2SW;
02N68W SEC 26:E2W2;
02N68W SEC 35:NENW
Weld County, Colorado

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.)
NIOBRARA	NBRR		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 15978 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: 155 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:

Please see attached Waste Management Plan for description on the associated 2A.

Beneficial reuse or land application plan submitted? Yes

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	16	36.94	0	80	64	80	0
SURF	13+1/2	9+5/8	36	0	1500	590	1500	0
1ST	7+7/8	5+1/2	17	0	15968	1887	15968	

☐ 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	<p>PLEASE ENSURE ALL CORRESPONDENCE ASSOCIATED WITH THIS PERMIT GOES TO ANALYST AND DJ REGULATORY EMAIL ADDRESSES, AS LISTED ON THIS PERMIT.</p> <p>Offset well buffer description for the subject well has been attached to this permit for review (GIS BUFFER REVIEW/ANALYSIS).</p> <p>Horizontal well names have been updated since the time the Exception Location Waiver was executed. As stated in the Exception Location Waiver, KMG reserves the right to change any of the well names listed at its discretion.</p> <p>KMG opted to not check the box in the surface and mineral tab [mineral owners have signed the oil and gas lease] because one of the three owners did not sign the oil and gas lease. All three owners have signed the attached surface use agreement.</p>
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This application is in a Comprehensive Drilling Plan No CDP #: _____

Location ID: 476531

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: Samantha Petite

Title: Regulatory Analyst Date: 6/12/2020 Email: DJREGULATORY@ANADARK

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: 9/28/2020

Expiration Date: 09/27/2022

API NUMBER

05 123 51242 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	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.
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 Shannon 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.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Kerr-McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
2	Drilling/Completion Operations	Anti-Collision: Kerr-McGee will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within one hundred fifty (150) feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators within one hundred fifty (150) feet prior to drilling.
3	Drilling/Completion Operations	Open Hole Logging Exception: One of the first wells drilled on the pad will be logged with cased-hole neutron 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 in that well and have those logs attached. The Form 5 for each well shall state "Open Hole Logging Exception - 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: 3 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

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
402385112	FORM 2 SUBMITTED
402416945	DIRECTIONAL DATA
402416947	DEVIATED DRILLING PLAN
402416951	PROPOSED SPACING UNIT
402416954	WELL LOCATION PLAT
402416961	EXCEPTION LOC WAIVERS

402416963	GIS BUFFER REVIEW/ANALYSIS
402419989	SURFACE AGRMT/SURETY
402420809	OPEN HOLE LOGGING EXCEPTION
402421070	EXCEPTION LOC REQUEST
402499022	OFFSET WELL EVALUATION

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	09/25/2020
Permit	COGCC conducted the technical review for the related Oil and Gas Location Assessment permit, Form 2A document #402306325 under the statutory authority provided through SB 19-181, including the Objective Criteria. The Director approved the Form 2A on 5/21/2020, establishing Location ID #476531 subject to conditions included in the permit. The well proposed by this related Form 2 was contemplated during COGCC's review of the Form 2A. The Objective Criteria Review Memo (Doc# 2479258) can be found in the document file for this Location.	09/24/2020
Permit	Updated the Local Government Information with Final Disposition provided by the operator.	09/24/2020
Permit	Passed completeness.	06/15/2020

Total: 4 comment(s)