

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:  
402328332

APPLICATION FOR PERMIT TO:

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

Date Received:  
08/25/2020

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER: \_\_\_\_\_

Refiling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: BJU B26 FED Well Number: 22B-26-496  
Name of Operator: CAERUS PICEANCE LLC COGCC Operator Number: 10456  
Address: 1001 17TH STREET #1600  
City: DENVER State: CO Zip: 80202  
Contact Name: Bradley Lawler Phone: (720)8806331 Fax: (303)5654606  
Email: blawler@caerusoilandgas.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130021

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 26 Twp: 4S Rng: 96W Meridian: 6  
Latitude: 39.677533 Longitude: -108.138399  
Footage at Surface: 1103 Feet FNL/FSL FNL 1969 Feet FEL/FWL FWL  
Field Name: GRAND VALLEY Field Number: 31290  
Ground Elevation: 8220 County: GARFIELD  
GPS Data: GPS Quality Value: 1.5 Type of GPS Quality Value: PDOP Date of Measurement: 03/09/2020  
Instrument Operator's Name: Dayton Slaugh  
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  
1098 FNL 1704 FEL 1133 FNL 1798 FEL  
Sec: 26 Twp: 4S Rng: 96W Sec: 26 Twp: 4S Rng: 96W

LOCAL GOVERNMENT INFORMATION

County: GARFIELD 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 ☒ 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:

Caerus Piceance LLC has contacted Garfield County, the local government with jurisdiction over the siting of this proposed oil and gas location and determined that per the Garfield County Land Use and Development Code, Table 3-403, "Oil and Gas Drilling and Production" and "Hydraulic Fracturing, Remote Surface Location" are a use by right or Exempt from Land Use Regulation at this site. Garfield County's disposition is not required for the purposes of this submittal.

## 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: applicant is owner

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.)

Sec. 26, T4S-R96W - NE/4, S2

Sec. 27, T4S-R96W - SE/4

Total Acres in Described Lease: 640 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC061137

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 856 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: 2263 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 5280 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: 300 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): Big Jimmy Unit Unit Number: COC074105X

## 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|

|               |      |       |  |  |
|---------------|------|-------|--|--|
| WILLIAMS FORK | WMFK | 1-229 |  |  |
|---------------|------|-------|--|--|

## DRILLING PROGRAM

Proposed Total Measured Depth: 12313 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 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? No

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: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

The cuttings will be put through shakers to minimize moisture and analyzed for Table 910-1 constituents. Cuttings that meet 910-1 levels will be backfilled into the cutting's management area along the cut portion of the pad.

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   | 30           | 20             | 54#   | 0             | 100           | 218       | 100     | 0       |
| SURF        | 14+3/4       | 9+5/8          | 36#   | 0             | 3000          | 710       | 3000    | 0       |
| 1ST         | 8+3/4        | 4+1/2          | 11.6# | 0             | 12312         | 1150      | 12312   | 3600    |

☐ 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 \_\_\_\_\_ 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: Bradley Lawler \_\_\_\_\_

Title: Regulatory Tech \_\_\_\_\_ Date: 8/25/2020 \_\_\_\_\_ Email: blawler@caerusoilandgas.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: 1/11/2021 \_\_\_\_\_

Expiration Date: 01/10/2023 \_\_\_\_\_

**API NUMBER**

05 045 24458 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 | <p>1)Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>2)Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1).</p> <p>3)Operator shall provide cement coverage from the production casing shoe (4 1/2" FIRST STRING) to a minimum of 200' above the Wasatch G as defined by COGCC in the report "Casing and Cement Standards for Geologic Isolation Piceance Basin Bradenhead Monitoring Area and Nearby Fields," dated April 18, 2016, COGCC Document No. 2056199, Appendix A Field Scout Cards and Annotated Type Logs) to provide isolation of the Lower Wasatch, all Mesaverde Group formations including the Ohio Creek Formation, and underlying formations, if penetrated. Verify production casing cement coverage with a cement bond log</p> |

## Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u>            | <u>Description</u>   |
|-----------|--------------------------------|--|
| 1         | Planning                       | Alternative Logging Program: The first well drilled on the pad will be logged with open-hole resistivity log with gamma-ray log from TD 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 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 will state "Alternative Logging Program - No open-hole logs were run" and will clearly identify the type of log and the well (by API#) in which open-hole logs were run. |
| 2         | Drilling/Completion Operations | Closed loop system will be used. No pits will be built. Caerus will ensure 110 percent secondary containment for any potential volume of fluids that may be released.  |

Total: 2 comment(s)

## Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

<http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf>

NW Colorado Notification Policy.

[http://cogcc.state.co.us/documents/reg/Policies/nw\\_notification\\_procedures.pdf](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](http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf)

## Attachment List

| <u>Att Doc Num</u> | <u>Name</u>            |
|--------------------|------------------------|
| 402328332          | FORM 2 SUBMITTED       |
| 402462977          | DEVIATED DRILLING PLAN |
| 402462978          | DIRECTIONAL DATA       |
| 402471427          | WELL LOCATION PLAT     |
| 402473291          | FED. DRILLING PERMIT   |

|           |                         |
|-----------|-------------------------|
| 402473292 | LEGAL/LEASE DESCRIPTION |
|-----------|-------------------------|

Total Attach: 6 Files

### **General Comments**

| <b><u>User Group</u></b> | <b><u>Comment</u></b>  | <b><u>Comment Date</u></b> |
|--------------------------|--|----------------------------|
| Permit                   | Final Review Completed.  | 01/07/2021                 |
| Permit                   | Corrected distance to nearest well in same formation from 237 to 300<br>Correction made with operator concurrence<br>Permit review complete  | 12/16/2020                 |
| Permit                   | The Objective Criteria Review Memo (Doc#2109352) 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.   | 12/16/2020                 |
| Engineer                 | Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required. Two active Wasatch G injection wells owned by Caerus, SGU *CP01B-27 M23 49 & SGU *8506B F26 496 are within the offset evaluation areas. These injection wells have been taken into consideration for the cement coverage COA#3.<br><br>Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information 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. The deepest water well within one mile is 235 feet. None of the water wells within one mile are for domestic use. | 08/31/2020                 |
| Permit                   | Passed Completeness.   | 08/26/2020                 |

Total: 5 comment(s)