

FORM

2

Rev
11/20

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:

402511209

APPLICATION FOR PERMIT TO:

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

Date Received:

11/13/2020

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

Well Name: Desha

Well Number: 4-3-4L

Name of Operator: CONFLUENCE DJ LLC

COGCC Operator Number: 10518

Address: 1001 17TH STREET #1250

City: DENVER State: CO Zip: 80202

Contact Name: Brittany Rothe

Phone: (303)226-9519

Fax: ()

Email: brothe@confluencelp.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160056

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 33 Twp: 1N Rng: 65W Meridian: 6

Latitude: 40.002900

Longitude: -104.676810

Footage at Surface: 860 Feet FNL/FSL FSL 450 Feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5080

County: WELD

GPS Data: GPS Quality Value: 1.2 Type of GPS Quality Value: PDOP Date of Measurement: 05/07/2017

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.
 Footage at Top of Prod Zone: FNL/FSL FNL 2390 FWL 470 FSL 2390 FWL
 Sec: 4 Twp: 1S Rng: 65W Sec: 9 Twp: 1S Rng: 65W

LOCAL GOVERNMENT INFORMATION

County: WELD

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: WOGLA

The local government siting permit was filed on: 09/07/2017

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

Additional explanation of local process:

WOGLA 17-0071 was approved on October 3, 2017.

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.)

T1S R65W Section 9: All

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:	<u>1789</u> Feet
Building Unit:	<u>2123</u> Feet
High Occupancy Building Unit:	<u>5280</u> Feet
Designated Outside Activity Area:	<u>5280</u> Feet
Public Road:	<u>844</u> Feet
Above Ground Utility:	<u>515</u> Feet
Railroad:	<u>5280</u> Feet
Property Line:	<u>450</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: 191 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

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

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.)
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CODELL	CODL	407-2425	1280	Sec. 4 & 9: All

DRILLING PROGRAM

Proposed Total Measured Depth: 17500 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: 388 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 there be hydraulic fracture treatment at a depth less than 2,000 feet in this well? No

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	Grade	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26	16	A52A	43	0	80	400	80	0
SURF	13+1/2	9+5/8	J-55	36	0	2350	1665	2350	0
1ST	8+1/2	5+1/2	P-110	20	0	17500	1898	17500	

☐ Conductor Casing is NOT planned

POTENTIAL FLOW AND CONFINING FORMATIONS

Zone Type	Formation /Hazard	Top M.D.	Top T.V.D.	Bottom M.D.	Bottom T.V.D.	TDS (mg/L)	Data Source	Comment
Hydrocarbon	Niobrara	7557	7075	8011	7461			
Groundwater	Lower Arapahoe	381	381	661	661	501-1000	DWR	
Hydrocarbon	Shannon	5074	4878	5223	5016			
Groundwater	Laramie-Fox Hills	680	680	1256	1256	501-1000	USGS	
Hydrocarbon	Codell	8014	7462	8155	7482			
Hydrocarbon	Sussex	4834	4654	5074	4878			
Subsurface Hazard	Sharon Springs	7497	7050	7557	7074			
Groundwater	Upper Pierre	1745	1744	2232	2225	1001-10000	Other	Upper Pierre Aquifer Water Quality Study, Project #2141
Confining Layer	Pierre Shale	5223	5016	7240	6883			
Confining Layer	Pierre Shale	2232	2225	4834	4654			

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 the wellbore to nearest wellbore permitted or completed well in the same formation and within the unit was measured to the Desha 4-9-1L measured in 2-D.

The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells was measured to the Dry and Abandoned Cimarron-Penrod 2, Cimarron Oil CO Inc., API#:05-001-08830 using 2-D separation.

Changes made to this well are well name, landing point, bottom hole and target formation. The casing program, cement volumes and distances have changed due to the wellbore move. Please utilize the original SUA, which includes the Exception Location Waiver, that was submitted on the original Form 2.

The location has been built and there are producing wells on the pad.

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

Location ID: 452048

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: Andrea Gross

Title: Permit Agent Date: 11/13/2020 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: 1/12/2021

Expiration Date: 01/11/2023

API NUMBER

05 123 47362 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>
Interim Reclamation	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operation (dated January 5, 2017).
Interim Reclamation	If conductors are preset, Operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016).
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 500' above Niobrara and from 500' below Sussex to 500' 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	In the Form 5A comments, operator will certify that this well complies with 408.u, has no treated interval within 150' of another operator's well for which a signed Stimulation Setback Consent was not obtained.
Drilling/Completion Operations	Operator acknowledges the proximity of the listed non-operated wells. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 3). Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 001-09199 HASKINS #4-12
Drilling/Completion Operations	Operator acknowledges the proximity of the non-operated listed well. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 001-08116 TIPPERARY #1

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Anti-collision: Operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.
2	Drilling/Completion Operations	Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Braden-head Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
3	Drilling/Completion Operations	Alternative Logging Program: The Desha 4-15-1 API# 05-123-47343, well drilled on the pad was logged with an open-hole Resistivity Log and 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 clearly state "Alternative Logging Program - No open-hole logs were run. The Desha 4-15-1 API#05-123-47343, is the well in which an open-hole Resistivity Log and Gamma Ray Log 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

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.
<http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf>

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
402511209	FORM 2 SUBMITTED
402517442	DEVIATED DRILLING PLAN
402517443	DIRECTIONAL DATA
402532245	OffsetWellEvaluations Data
402532249	WELL LOCATION PLAT
402532268	EXCEPTION LOC REQUEST
402573244	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Surface Use Agreement is on file. Final Review Completed.	01/08/2021
Permit	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, and welfare and the environment, including wildlife resources set by SB 19-181. The Objective Criteria Review Memo (Doc# 1347986) can be found in the document file for Location ID 452048.	01/08/2021
Permit	Made the following changes with concurrence from the operator: •Corrected the response to the statement, "The minerals beneath this Oil and Gas location will be developed by this well", from "Yes" to "No". •Updated the open hole logging BMP. •Permitting review complete and task passed.	01/08/2021
Engineer	Updated "Potential Flow and Confining Formation" table per operator email.	12/16/2020
Permit	Passed Completeness.	11/25/2020

Total: 5 comment(s)