

FORM
2

Rev
05/22

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:

403084553

Date Received:

06/22/2022

APPLICATION FOR PERMIT TO

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

Amend ☐

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER: _____

Refill ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☒

Well Name: BJU B26 FED

Well Number: 11B-26-496-ST

Name of Operator: CAERUS PICEANCE LLC

COGCC Operator Number: 10456

Address: 1001 17TH STREET #1600

City: DENVER

State: CO

Zip: 80202

Contact Name: Reed Haddock

Phone: (720)880-6369

Fax: (303)565-4606

Email: rhaddock@caerusoilandgas.com

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

COGCC Financial Assurance

☒ The Operator has provided or will provide Financial Assurance to the COGCC for this Well.

Surety ID Number (if applicable): 20130021

Federal Financial Assurance

☐ In checking this box, the Operator certifies that it has provided or will provide at least this amount of Financial Assurance to the federal government for this Well. (Per Rule702.a.)

Amount of Federal Financial Assurance \$ _____

WELL LOCATION INFORMATION

Surface Location

QtrQtr: NENW Sec: 26 Twp: 4S Rng: 96W Meridian: 6

Footage at Surface: 1054 Feet FNL/FSL 1956 Feet FEL/FWL

Latitude: 39.677668 Longitude: -108.138444

GPS Data: GPS Quality Value: 1.6 Type of GPS Quality Value: PDOP

Date of Measurement: 06/21/2022

Ground Elevation: 8210

Field Name: GRAND VALLEY

Field Number: 31290

Well Plan: is ☒ Directional ☐ Horizontal (highly deviated) ☐ Vertical

If Well plan is Directional or Horizontal attach Deviated Drilling Plan and Directional Data.

Subsurface Locations

Top of Productive Zone (TPZ)

Sec: 26 Twp: 4S Rng: 96W

Footage at TPZ: 289 FNL 1328 FWL

Measured Depth of TPZ: 8182

True Vertical Depth of TPZ: 8114

FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)Sec: 26 Twp: 4S Rng: 96WFootage at BPZ: 323 FNL 1234 FWLMeasured Depth of BPZ: 11900True Vertical Depth of BPZ: 11831 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 26 Twp: 4S Rng: 96WFootage at BHL: 323 FNL 1234 FWLFNL/FSLFEL/FWL**LOCAL GOVERNMENT PERMITTING INFORMATION**County: GARFIELDMunicipality: N/A

Is the Surface Location of this Well in an area designated as one of State interest and subject to the requirements of §

24-65.1-108 C.R.S.? No

Per § 34-60-106(1)(f)(I)(A) C.R.S., the following questions pertain to the Relevant Local Government approval of the siting of the proposed Oil and Gas Location.

SB 19-181 provides that when "applying for a permit to drill," operators must include proof that they sought a local government siting permit and the disposition of that permit application, or that the local government does not have siting regulations. § 34-60-106(1)(f)(I)(A) C.R.S.

Does the Relevant Local Government regulate the siting of Oil and Gas Locations, with respect to this Location? ☐ 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 disposition of the application filed with the Relevant Local Government is: _____ Date of Final Disposition: _____

Comments: 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.

SURFACE AND MINERAL OWNERSHIP AT WELL'S OIL & GAS LOCATIONSurface Owner of the land at this Well's Oil and Gas Location: ☒ Fee ☐ State ☐ Federal ☐ IndianMineral Owner beneath this Well's Oil and Gas Location: ☐ Fee ☐ State ☒ Federal ☐ Indian

Surface Owner Protection Bond (if applicable): _____ Surety ID Number (if applicable): _____

MINERALS DEVELOPED BY WELL

The ownership of all the minerals that will be developed by this Well is (check all that apply):

☐ Fee☐ State☒ Federal☐ Indian☐ N/A

LEASE INFORMATION

Using standard QtrQtr, Section, Township, Range format describe one entire mineral lease as follows:

* If this Well is within a unit, describe a lease that will be developed by the Well.

* If this Well is not subject to a unit, describe the lease that will be produced by the Well.

(Attach a Lease Map or Lease Description or Lease if necessary.)

Sec. 27, T4S-R96W - N2

Sec. 26, T4S-R96W - NW/4 and other lands.

Total Acres in Described Lease: 2425

Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC064814

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 5280 Feet
Building Unit: 5280 Feet
Public Road: 2313 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 5280 Feet

INSTRUCTIONS:

- Specify all distances per Rule 308.b.(1).
- 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 – as defined in 100 Series Rules.

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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WILLIAMS FORK	WMFK	1-229		
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Federal or State Unit Name (if appl): Big Jimmy

Unit Number: COC074105X

SUBSURFACE MINERAL SETBACKS

Enter 5280 for distance greater than 1 mile.

Is this Well within a unit? Yes

If YES:

Enter the minimum distance from the Completed Zone of this Well to the Unit Boundary: 5280 Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well within the same unit permitted or completed in the same formation: 255 Feet

If NO:

Enter the minimum distance from the Completed Zone of this Well to the Lease Line of the described lease: _____ Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well producing from the same lease and permitted or completed in the same formation: _____ Feet

Exception Location

☐ If this Well requires the approval of a Rule 401.c Exception Location, enter the Rule or spacing order number and attach the Exception Location Request and Waivers. _____

SPACING & FORMATIONS COMMENTS

DRILLING PROGRAM

Proposed Total Measured Depth: 12112 Feet

TVD at Proposed Total Measured Depth 12043 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 Plan unless a plan was already submitted with the Form 2A per Rule 304.c.(10).

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? No

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☒ Rotating Head ☐ None

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	30	20	A252	54#	0	100	218	100	0
SURF	14+3/4	9+5/8	J55	36#	0	3009	1031	3009	0
1ST	8+3/4	4+1/2	HCP110	11.6#	0	12112	1118	12112	3600

☐ 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
Groundwater	Green River	0	0	1200	1199	501-1000	CGS	
Confining Layer	Wasatch	3448	3417	5800	5750			
Hydrocarbon	Wasatch G	5800	5750	6100	6047			The Wasatch G is a non-productive zone in the referenced area of the basin.
Confining Layer	Fort Union	6100	6047	8178	8114			
Hydrocarbon	Ohio Creek	8178	8114	8500	8432	>10000	Produced Water Sample	
Hydrocarbon	Williams Fork	8500	8432	11400	11331	>10000	Produced Water Sample	
Hydrocarbon	Cameo	11400	11331	11908	11843	>10000	Produced Water Sample	
Hydrocarbon	Rollins	11900	11831	12112	12043	>10000	Produced Water Sample	

OPERATOR COMMENTS AND SUBMITTAL

Comments

Currently drilling the BJU B26-496 Pad – First well – BJU B26 FED 11B-26-496 – API No. 05-045-24440
As discussed, we drilled the 11B-26 to a total depth of 9,087'. We tripped for a bit and lost our mud weight and viscosity, resulting in wellbore instability. When we tripped back in, we started reaming around 5700', and currently we are at 6800' after reaming for 2 days. We need to plug this back and sidetrack.
We will set a 17ppg, 550' plug at 4,255', Class G cmt 1.0 yield and utilize that to isolate and sidetrack the well. Planning for a sidetrack at 3800' MD.
Conductor Casing 20", 54#, set at 100' 218 sxs, cmt btm at 100', cmt top at surface
Surface Casing 9 5/8", 36#, set at 3009' 1031 sxs, cmt btm at 3009', cmt top at surface
No fish in hole.
Target Formation is the same as original permitted well.
BHL target is the same as original permitted well.

This application is in a Comprehensive Area Plan _____ CAP #: _____
Oil and Gas Development Plan Name _____ OGDID ID#: _____
Location ID: 479149

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Reed Haddock
Title: Regulatory Lead Date: 6/22/2022 Email: rhaddock@caerusoilandgas.co

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: 6/27/2022
Expiration Date: 06/26/2025

API NUMBER

05 045 24440 01

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.

Condition of Approval

<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>
1 COA	

Best Management Practices

No	BMP/COA Type	Description
1	Planning	Alternative Logging Program: The first well drilled on the pad will be logged with openhole 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	<p>Closed loop system will be used.</p> <p>DRILL CUTTINGS: The moisture content of all drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. All cuttings generated during drilling will be placed in a bermed portion of the well pad prior to onsite beneficial reuse. Drill cuttings will be put through shakers to minimize moisture and analyzed for Table 915-1 constituents. Cuttings that meet 915-1 levels will be backfilled into the cuttings management area along the northwestern portion of the pad.</p> <p>CONTAINMENT: During drilling activities, Caerus utilizes a portable containment liner under the substructure of the drilling rig during drilling activities to protect shallow groundwater from any potential spills surrounding the rig during drilling. A liquid release would simply be vacuumed up from the liner. When drilling activity is completed, the liner is removed and transferred to the next drilling location. For permanent containment at the oil and gas location Caerus will ensure 150% secondary containment of volume in the single largest tank on the oil and gas location in compliance with Rule 603.o. During completions, Caerus may utilize 15-20 temporary tanks to hold frac fluid and flowback water. Tanks would be housed in a compacted earthen bermed area and secondary containment.</p> <p>FLOWBACK & STIMULATION: As wells progress from the drilling stage to the completions stage temporary working tanks will be situated on the ELU M12-496 Well Pad. Caerus estimates that there could be 15-20 500-bbl tanks on location for roughly 18-months as the wells progress from the drilling to completions stage during Sim-Ops. The contents of the tanks will contain produced water. The temporary tanks will be placed on a certain portion of the ELU M12-496 Well Pad and laid upon an impervious synthetic or engineered liner which would be underlaid by road base. The liners will be sufficient to hold up to 150% of the largest tank on the location. Note, the entire Oil and Gas Location for the ELU M12-496 will include a compacted earthen berm perimeter around the operational area for ELU M12-496 Well Pad. Once the working tanks are no longer necessary for operations both the tanks and the impervious liner will be removed.</p>

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

Attachment List

Att Doc Num	Name
402168280	FORM 2 SUBMITTED
403084553	APD APPROVED
403085192	DEVIATED DRILLING PLAN
403085194	DIRECTIONAL DATA
403085941	WELL LOCATION PLAT

403086557	CORRESPONDENCE
403086687	WELLBORE DIAGRAM
403090349	OffsetWellEvaluations Data
403090812	PUBLIC COMMENT-0

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
Permit	Final Review Completed.	06/27/2022
Engineer	<p>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.</p> <p>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.</p> <p>Well was sidetracked due to wellbore instability. See attached correspondence for details.</p> <p>Uploaded offset well review that was originally omitted. Made changes to BH pressure value to match COGCC records.</p>	06/27/2022
Permit	-Corrected GPS quality value, date of measurement, ground elevation to reflect do well location plat.	06/24/2022
OGLA	The Oil and Gas Location, its associated Form 2A materials, and the Form 2 Application for Permit to Drill were fully reviewed and approved prior to the commencement of drilling operations for this well. Because this is an application for an unplanned sidetrack with drilling in progress, an Oil and Gas Location Assessment review is not applicable to this ongoing operation.	06/24/2022

Total: 4 comment(s)