

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: 403046946 Date Received: 05/19/2022

APPLICATION FOR PERMIT TO

Application type options: Drill (checked), Deepen, Re-enter, Recomplete and Operate, Amend, Refile (checked), Sidetrack.

Well details: Well Name: East Sauls Creek 26, Well Number: 2-2, Name of Operator: SIMCOE LLC, COGCC Operator Number: 10749, Address: 1199 MAIN AVE SUITE 101, City: DURANGO, State: CO, Zip: 81301, Contact Name: Gina Doerner, Phone: (970)852-0082, Fax: (), Email: gina.doerner@ikavenergy.com

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

COGCC Financial Assurance section with checkbox for operator assurance and Surety ID Number field.

Federal Financial Assurance section with checked checkbox for federal assurance and Amount of Federal Financial Assurance \$ 472.

WELL LOCATION INFORMATION

Surface Location details: QtrQtr: SWSE, Sec: 27, Twp: 35N, Rng: 6W, Meridian: N, Footage at Surface: 935 Feet FSL, 1670 Feet FEL, Latitude: 37.267586, Longitude: -107.511840, GPS Data: GPS Quality Value: 2.0, Type of GPS Quality Value: PDOP, Date of Measurement: 10/10/2016, Ground Elevation: 7466, Field Name: IGNACIO BLANCO, Field Number: 38300, Well Plan: is Horizontal (highly deviated) (checked).

Subsurface Locations details: Top of Productive Zone (TPZ) Sec: 27, Twp: 35N, Rng: 6W, Footage at TPZ: 935 FSL, 1670 FEL, Measured Depth of TPZ: 0, True Vertical Depth of TPZ: 0.

Base of Productive Zone (BPZ)

Sec: 26 Twp: 35N Rng: 6W Footage at BPZ: 1268 FSL 710 FEL
Measured Depth of BPZ: 9107 True Vertical Depth of BPZ: 3059 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 26 Twp: 35N Rng: 6W Footage at BHL: 1268 FSL 710 FEL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: LA PLATA Municipality: 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:

SURFACE AND MINERAL OWNERSHIP AT WELL'S OIL & GAS LOCATION

Surface Owner of the land at this Well's Oil and Gas Location: Fee State Federal Indian

Mineral 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.)

See attached mineral lease map.

Total Acres in Described Lease: 2480 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC17340

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 1612 Feet
Building Unit: 1612 Feet
Public Road: 311 Feet
Above Ground Utility: 1789 Feet
Railroad: 5280 Feet
Property Line: 993 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.)
FRUITLAND COAL	FRLDC	112-263	480	S/2 S.26 & SE/4 S.27

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

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: 710 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: 0 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 PROGRAMProposed Total Measured Depth: 9106 Feet TVD at Proposed Total Measured Depth 3059 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 feetWill a closed-loop drilling system be used? YesIs 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? NoWill salt sections be encountered during drilling? NoWill salt based (>15,000 ppm Cl) drilling fluids be used? YesWill oil based drilling fluids be used? NoBOP Equipment Type: Annular Preventor Double Ram Rotating Head NoneBeneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

<u>Casing Type</u>	<u>Size of Hole</u>	<u>Size of Casing</u>	<u>Grade</u>	<u>Wt/Ft</u>	<u>Csg/Liner Top</u>	<u>Setting Depth</u>	<u>Sacks Cmt</u>	<u>Cmt Btm</u>	<u>Cmt Top</u>
SURF	16	13+3/8	J55	54	0	584	251	584	0
1ST	12+1/4	9+5/8	J55	17	0	2800	515	2800	0
2ND LINER	8+3/4	5+1/2	J55	17	0	9106	1141	9106	0

 Conductor Casing is NOT planned**POTENTIAL FLOW AND CONFINING FORMATIONS**

<u>Zone Type</u>	<u>Formation /Hazard</u>	<u>Top M.D.</u>	<u>Top T.V.D.</u>	<u>Bottom M.D.</u>	<u>Bottom T.V.D.</u>	<u>TDS (mg/L)</u>	<u>Data Source</u>	<u>Comment</u>
Groundwater	ANIMAS	0	0	1217	1217	0-500	Groundwater Sample	
Groundwater	LOWER ANIMAS	1217	1217	1702	1702	501-1000	USGS	WRI 95-4190
Groundwater	KIRTLAND	1702	1702	1907	1907	1001-10000	USGS	WRI 95-4188
Hydrocarbon	FARMINGTON SANDSTONE	1907	1907	2347	2347	1001-10000	USGS	WRI 95-4188
Hydrocarbon	KIRTLAND SHALE LWR	2347	2347	2477	2477	1001-10000	USGS	WRI 95-4188
Hydrocarbon	PICTURED CLIFFS	2477	2477	2663	2663	>10000	Produced Water Sample	
Hydrocarbon	FRUITLAND COAL	2477	2477	2663	2662	>10000	Produced Water Sample	

OPERATOR COMMENTS AND SUBMITTAL

Comments Although the East Sauls Creek 2-2 well will produce some gas from the Fruitland Coal, it is intended primarily as a dewatering well for East Sauls Creek 2-1 well. As a result, the goal is for these two wells to intersect near their toes either directly or indirectly. Since intersection of these two wells is an acceptable outcome, we have proposed a 0' distance between these well completions. Anti-collision evaluations will be conducted on all other portions of the wellbores to prevent unintended intersections or collisions.

This application is in a Comprehensive Area Plan No CAP #: _____

Oil and Gas Development Plan Name _____ OGDID#: _____

Location ID: 325890

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

Signed: _____

Print Name: Amanda Blanchard

Title: Environmental Coordinator

Date: 5/19/2022

Email: amanda.blanchard@ikavenergy

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: 9/8/2022

Expiration Date: 09/07/2025

API NUMBER

05 067 09996 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.

Condition of Approval

COA Type

Description

	<p>1) Set at least 584' of surface casing and cement to surface</p> <p>2) Sample and test two closest water wells within a 1/4 mile of that portion of the wellbore pathway that cuts through only the Fruitland Coal (Horizontal dimension – Top to bottom of pay) (see Cause 112 Orders 180-181) (see Policy-Ignacio Blanco Field Notice to Operators 7/10/2009 and revised on 2/17/2011).</p> <p>3) If borehole problems occur while drilling and an unplanned sidetrack is required, the following shall apply: a.) Before proceeding, contact the COGCC Engineer for verbal approval and provide an explanation as to what happened to the original borehole and what the plan is for the sidetrack. Contact Information: Alicia Duran – Area Engineer 303-548-7396 cell alicia.duran@state.co.us b.) Adhere to the instructions provided in the “UNPLANNED Sidetrack While Drilling: Approval and Reporting Process – Statewide” that can be found on the COGCC website at: Go to COGCC Website for more details if necessary Regulation, Forms, Form 2-Permit to Drill, Instructions.</p> <p>4) Contact COGCC Engineer – Alicia Duran when encountering kicks requiring a mud weight increase of 0.5 ppg to control the kick, unexpected water flows, and unexpected Hydrogen Sulfide.</p>
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1 COA

Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	An open-hole resistivity/gamma ray log was already run on the first well drilled on this pad (Yankee Federal A1 – API 05-067-07126 – Doc ID 1036260). The intermediate string for this well on the multi-well location will be logged with a cement bond log with cased-hole gamma-ray log from intermediate TD or the deepest depth possible using conventional wireline conveyance into the surface casing.
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Total: 1 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403046946	FORM 2 SUBMITTED
403047437	WELL LOCATION PLAT
403047440	MINERAL LEASE MAP
403047443	DIRECTIONAL DATA
403047809	WELLBORE DIAGRAM
403054963	OffsetWellEvaluations Data
403160326	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	08/31/2022
Engineer	No PA wells were found to exist within 1/4 mile. Offset Well Evaluation: Existing offset wells within 1500' meet standards. No mitigation is required.	08/29/2022
Engineer	The proposed gas well is located within an area where unconfined fresh water aquifers are mostly developed in bedrock formations consisting mainly of shale with intermittent sandstone stringers with limited areal extent or having pockets of isolated water reservoirs. Water wells found in these locations can vary in depth from 100' to 800'. These aquifers are commonly identified as the Animas formation. Respective to the proposed gas well, a one (1) mile radius of investigation of all offsetting fresh water wells has determined that the deepest surface casing required to protect the aquifers is a depth of 584' (includes a 50' margin of additional protection). The operator proposed a depth of 350' which is 234' less than the minimal requirement; so, the surface casing has been deepened to 584'. The surface casing on the proposed well will be cemented from total depth to surface. The production casing on the proposed gas well will also be cemented from total depth to surface.	08/29/2022
Engineer	The potential flow and confining formation table lists groundwater below the depth of the planned surface casing. That groundwater will be isolated by fully cementing the production casing as required by the commission order.	08/26/2022
Permit	Removed "Surface Owner Protection Financial Assurance" and related surety ID number, per operator request, as these are not applicable. Entered unit setback information to reflect well location plat and unit boundaries.	06/01/2022
OGLA	This Location (ID #325890) and its associated Form 2A materials was fully reviewed during the OGLA review of this APD in accordance with current Rules. This APD complies with all COGCC Rules and is adequately protective of public health, safety, welfare, the environment, and wildlife resources.	05/31/2022

Total: 6 comment(s)