

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:

403050958

Date Received:

05/23/2022

APPLICATION FOR PERMIT TO

Drill Deepen Re-enter Recomplete and Operate

Amend

TYPE OF WELL OIL GAS COALBED OTHER: _____

Refile

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: East Sauls Creek 35 Well Number: 4-2
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

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

Surety ID Number (if applicable): _____

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 \$ 472

WELL LOCATION INFORMATION

Surface Location

QtrQtr: NESE Sec: 34 Twp: 35N Rng: 6W Meridian: N

Footage at Surface: 1426 Feet FSL 972 Feet FEL

Latitude: 37.254223 Longitude: -107.509493

GPS Data: GPS Quality Value: 2.2 Type of GPS Quality Value: PDOP Date of Measurement: 10/10/2016

Ground Elevation: 7398

Field Name: IGNACIO BLANCO Field Number: 38300

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: 34 Twp: 35N Rng: 6W Footage at TPZ: 1426 FSL 972 FEL

Measured Depth of TPZ: 0 True Vertical Depth of TPZ: 0 FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 35 Twp: 35N Rng: 6W Footage at BPZ: 1407 FSL 710 FEL
Measured Depth of BPZ: 8647 True Vertical Depth of BPZ: 3360 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 35 Twp: 35N Rng: 6W Footage at BHL: 1407 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: 4864 Feet
Building Unit: 4864 Feet
Public Road: 896 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 4082 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	112-267	480	SE/4 S.34 & S/2 S.35

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: 8648 Feet TVD at Proposed Total Measured Depth 3360 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	350	251	350	0
1ST	12+1/4	9+5/8	J55	36	0	2800	510	2800	0
2ND	8+3/4	5+1/2	P110	17	0	8647	1047	8647	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	17	17	0-500	Produced Water Sample	
Groundwater	LOWER ANIMAS	17	17	1274	1274	501-1000	USGS	WRI 95-4190
Groundwater	KIRTLAND	1274	1274	1714	1714	1001-10000	USGS	WRI 95-4188
Hydrocarbon	FARMINGTON SANDSTONE	1714	1714	1899	1899			
Hydrocarbon	KIRTLAND SHALE LWR	1899	1899	2364	2364			
Hydrocarbon	FRUITLAND COAL	2364	2364	2499	2499			
Hydrocarbon	BAYFIELD	2499	2499	2549	2549			
Hydrocarbon	LEMON	2549	2549	2669	2669			
Hydrocarbon	PICTURED CLIFFS	2669	2669	3009	3009			

OPERATOR COMMENTS AND SUBMITTAL

Comments Although the East Sauls Creek 35 4-2 well will produce some gas from the Fruitland Coal, it is intended primarily as a dewatering well for East Sauls Creek 35 4-1 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: 325891

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: 5/23/2022 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 09994 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)The First String (7" casing) shall be cemented from the casing shoe to the surface by circulation methods. Verify production casing cement coverage with a cement bond log.</p> <p>2) The two closest water wells within 1/4 mile radius of the proposed lateral shall be sampled & analyzed (Cause 112 Orders 156-157 and rule 615) if not done previously.</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 Web Site 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 B 1 – API 05-067-07127 – Doc ID 960790). 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.
2	Drilling/Completion Operations	Anti-collision evaluation was performed. Offset wells are operated by SIMCOE.

Total: 2 comment(s)

Attachment List

Att Doc Num	Name
403050958	FORM 2 SUBMITTED
403051630	MINERAL LEASE MAP
403051631	WELL LOCATION PLAT
403051632	WELLBORE DIAGRAM
403051634	DEVIATED DRILLING PLAN
403051635	DIRECTIONAL DATA
403056952	OffsetWellEvaluations Data
403160318	OFFSET WELL EVALUATION

Total Attach: 8 Files

General Comments

User Group	Comment	Comment Date
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.	08/26/2022
Permit	Removed "Surface Owner Protection Financial Assurance" and related surety ID number, per operator request, as these are not applicable. Corrected unit setback information to reflect unit boundaries and well location plat.	06/01/2022
OGLA	This Location (ID #325891) 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: 4 comment(s)