

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:
403052428
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: 3-2
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): 20200027

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: SWNE Sec: 34 Twp: 35N Rng: 6W Meridian: N
Footage at Surface: 1790 Feet 1390 Feet
Latitude: 37.260097 Longitude: -107.510914
GPS Data: GPS Quality Value: 1.9 Type of GPS Quality Value: PDOP Date of Measurement: 10/18/2001
Ground Elevation: 7326
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: 1790 1390
Measured Depth of TPZ: 0 True Vertical Depth of TPZ: 0

Base of Productive Zone (BPZ)

Sec: 35 Twp: 35N Rng: 6W Footage at BPZ: 1491 FNL 710 FEL

Measured Depth of BPZ: 8820 True Vertical Depth of BPZ: 3105 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 35 Twp: 35N Rng: 6W Footage at BHL: 1491 FNL 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.)

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: 3897 Feet
Building Unit: 3945 Feet
Public Road: 1049 Feet
Above Ground Utility: 4139 Feet
Railroad: 5280 Feet
Property Line: 3316 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	112-266	480	N/2 S.35 & NE/4 S.34

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 PROGRAM

Proposed Total Measured Depth: 8820 Feet TVD at Proposed Total Measured Depth 3105 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? Yes

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? No

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
SURF	16	13+3/8	J55	54	0	450	251	450	0
1ST	12+1/4	9+5/8	J55	36	0	2700	493	2700	0
2ND	8+3/4	5+1/2	P110	17	0	8820	1090	8820	0

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	ANIMAS	0	0	11	11	0-500	Groundwater Sample	
Groundwater	LOWER ANIMAS	11	11	1137	1137	501-1000	USGS	WRI 95-4190
Groundwater	KIRTLAND SHALE	1137	1137	1572	1572	1001-10000	USGS	WRI 95-4188
Hydrocarbon	FARMINGTON SANDSTONE	1572	1572	1772	1772			
Hydrocarbon	KIRTLAND SHALE LOWER	1772	1772	2252	2252			
Hydrocarbon	FRUITLAND COAL	2252	2252	2387	2387			
Hydrocarbon	PICTURED CLIFFS	2387	2387	2555	2555			

OPERATOR COMMENTS AND SUBMITTAL

Comments: Although the East Sauls Creek 35 3-2 well will produce some gas from the Fruitland Coal, it is intended primarily as a dewatering well for East Sauls Creek 35 3-1 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 _____ OGDP ID#: _____

Location ID: 326646

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: 10/4/2022

Expiration Date: 10/03/2025

API NUMBER
05 067 09998 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 450' of surface casing and cement to surface. 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

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	One of the first wells drilled on the multi-well location will be logged with open-hole resistivity and gamma-ray logs from TD into the surface casing. 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.

Total: 1 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403052428	FORM 2 SUBMITTED
403052446	OffsetWellEvaluations Data
403052452	DIRECTIONAL DATA
403052454	WELL LOCATION PLAT
403052455	MINERAL LEASE MAP
403052456	WELLBORE DIAGRAM
403052457	DEVIATED DRILLING PLAN
403057021	OffsetWellEvaluations Data
403186182	OFFSET WELL EVALUATION

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	09/26/2022
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.	09/20/2022
Engineer	Respective to the proposed 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 450' (includes a 50' margin of additional protection). The operator proposed a depth of 356' which is 94' less than the minimal requirement; so, the surface casing has been deepened to 450'. 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 commission order.	09/20/2022
Permit	Removed "Surface Owner Protection Financial Assurance" and related surety ID number, per operator request, as these are not applicable. Corrected ground elevation to reflect well location plat. Corrected unit and unit setback information to reflect unit boundaries and well location plat.	06/01/2022
OGLA	This Location (ID #326646) 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: 5 comment(s)