

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:

403120511

Date Received:

08/08/2022

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: Prosper Farms 4-65 11-12

Well Number: 1BH

Name of Operator: CRESTONE PEAK RESOURCES OPERATING LLC

COGCC Operator Number: 10633

Address: 1801 CALIFORNIA STREET #2500

City: DENVER

State: CO

Zip: 80202

Contact Name: Kathy Denzer

Phone: (303)312-8131

Fax: ()

Email: kdenzer@civiresources.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): 20160104

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: NESE Sec: 10 Twp: 4S Rng: 65W Meridian: 6

Footage at Surface: 2394 Feet FNL/FSL FSL 440 Feet FEL/FWL FEL

Latitude: 39.717717

Longitude: -104.642394

GPS Data:

GPS Quality Value: 1.6

Type of GPS Quality Value: PDOP

Date of Measurement: 12/17/2020

Ground Elevation: 5684

Field Name: DJ HORIZONTAL NIOBRARA

Field Number: 16950

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: 11 Twp: 4S Rng: 65W

Footage at TPZ: 1170 FNL 330 FWL

Measured Depth of TPZ: 8232

True Vertical Depth of TPZ: 7705

FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 12 Twp: 4S Rng: 65W Footage at BPZ: 1170 FNL 330 FEL
Measured Depth of BPZ: 18121 True Vertical Depth of BPZ: 7705 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 12 Twp: 4S Rng: 65W Footage at BHL: 1170 FNL 330 FEL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: ARAPAHOE 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: Approved Date of Final Disposition: 08/16/2021

Comments: The Arapahoe County local permit was approved on 08/16/2021.

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.)

T4S R65W Sec. 12: W2; W2E2; Sec. 24: NW
T4S R64W Sec. 8: SW

Total Acres in Described Lease: 770

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

Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 2527 Feet
Building Unit: 2527 Feet
Public Road: 427 Feet
Above Ground Utility: 414 Feet
Railroad: 5280 Feet
Property Line: 410 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| NIOBRARA | NBRR | 535-1289 | 1280 | T4S R65W Sec. 11 & 12: All |

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: 330 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: 520 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: 18121 Feet

TVD at Proposed Total Measured Depth 7705 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? Yes

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 | 26 | 16 | A53B | 42.09 | 0 | 100 | 114 | 100 | 0 |
| SURF | 13+1/2 | 9+5/8 | J55 | 36 | 0 | 3250 | 1110 | 3250 | 0 |
| 1ST | 8+1/2 | 5+1/2 | P110 | 17 | 0 | 18121 | 2855 | 18121 | |

☐ 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 | Laramie | 0 | 0 | 1443 | 1417 | 0-500 | Groundwater Atlas | USGS HA-650 (Robson & Romero, 1981) |
| Groundwater | Fox Hills | 1443 | 1417 | 1895 | 1859 | 0-500 | Groundwater Atlas | USGS HA-650 (Robson & Romero, 1981) |
| Confining Layer | Pierre Shale | 1895 | 1859 | 2023 | 1983 | | | |
| Groundwater | Upper Pierre Aquifer | 2023 | 1983 | 2405 | 2355 | 501-1000 | Electric Log Calculation | Edwin Fischahs 1 (05-005-06204) |
| Confining Layer | Base of Upper Pierre Aq. | 2405 | 2355 | 3114 | 3045 | | | |
| Hydrocarbon | Larimer | 3114 | 3045 | 5090 | 4966 | | | |
| Hydrocarbon | Sussex | 5090 | 4966 | 5445 | 5310 | | | |
| Hydrocarbon | Shannon | 5445 | 5310 | 6200 | 6046 | | | |
| Confining Layer | Pierre Shale | 6200 | 6046 | 6683 | 6516 | | | |
| Confining Layer | Sharon Springs | 6683 | 6516 | 7995 | 7655 | | | |
| Hydrocarbon | Niobrara | 7995 | 7655 | 18121 | 7705 | | | |

OPERATOR COMMENTS AND SUBMITTAL

| | |
|----------|---|
| Comments | Distance from completed zone of this wellbore to nearest completed zone of an offset well within the same unit permitted or completed in the same formation was measured to the proposed Prosper Farms 4-65 11-12 2AH in 2D. There are no other wells owned or operated by another Operator within 1,500'. |
|----------|---|

This application is in a Comprehensive Area Plan No CAP #: _____
Oil and Gas Development Plan Name Sky Ranch OGDID ID#: 481784
Location ID: 482655

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: 8/8/2022 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: 11/7/2022

Expiration Date: 07/12/2025

API NUMBER

05 005 07511 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> |
|--------------------------------|--|
| Drilling/Completion Operations | <p>Per Rule 408.r - Requirement to Log a Well - Alternative Logging Program for a Multi-Well Pad with Inadequate Well Log Control in Offsetting Wells: This multi-well pad has more than 1500' between wells on the southern most side of the pad and the wells on the northernmost side of the pad, measured at the Top of Productive Zone (TPZ) location, in map view.</p> <p>The Operator must log two (2) wells during the first rig occupation with open-hole resistivity log with gamma-ray log from the kick-off point into the surface casing for the two stratigraphically deepest wells on each side of the pad.</p> |
| Interim Reclamation | Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operation (dated January 5, 2017). |
| Construction | 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 | <p>Per COGCC Order 1-232, Bradenhead tests shall be performed according to the following schedule and Form 17 submitted within 10 days of each test:</p> <p>1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi is observed or if there is continuous flow, Operator must contact COGCC engineering for approval prior to stimulation.</p> <p>2) If a delayed completion, a second test is required between 6-9 months after rig release and must be conducted prior to stimulation. If any pressure greater than 200 psi is observed or if there is continuous flow, Operator must contact COGCC engineering for approval prior to stimulation.</p> <p>3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.</p> |
| Drilling/Completion Operations | <p>1) Submit Form 42 electronically to COGCC 2 business days prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 2 business day spud notice via Form 42 for all subsequent wells drilled on the pad.</p> <p>2) Comply with Rule 408.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with a cement bond log.</p> <p>3) Oil based drilling fluid can only be used after all groundwater has been isolated.</p> |
| 5 COAs | |

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 | Alternative Logging Program: One of the first wells drilled on the pad during the first rig occupation will be logged with open-hole resistivity log with gamma-ray log from the kick-off point into the surface casing for one of the stratigraphically deepest wells on the pad. 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 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. |

Total: 2 comment(s)

Attachment List

| <u>Att Doc Num</u> | <u>Name</u> |
|--------------------|----------------------------|
| 403120511 | FORM 2 SUBMITTED |
| 403124007 | OffsetWellEvaluations Data |
| 403124018 | DEVIATED DRILLING PLAN |
| 403124020 | WELL LOCATION PLAT |
| 403124021 | DIRECTIONAL DATA |
| 403220529 | OFFSET WELL EVALUATION |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit | Final Review Completed. | 11/07/2022 |
| Permit | <ul style="list-style-type: none">•Made the following changes with concurrence from the operator:<ul style="list-style-type: none">-Updated BMP comment for logging.•Total Acres in Described Lease has been certified by the operator as measured from a plat.•Permitting review complete and task passed. | 11/03/2022 |
| Permit | Waiting on operator to confirm lease acreage and updating BMP. | 11/01/2022 |
| Permit | Waiting on operator to confirm lease acreage, and updating BMP. Waiting on operator to determine which route they would prefer for the logging requirement of 2 wells. | 08/26/2022 |
| OGLA | The Commission approved OGDG #481784 on 7/13/2022 for the Oil and Gas Location related to this Form 2. OGLA task passed. | 08/09/2022 |

Total: 5 comment(s)