

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:

403236432

Date Received:

11/22/2022

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: Dehaan

Well Number: 8X-HNB-16-07-65

Name of Operator: NICKEL ROAD OPERATING LLC

COGCC Operator Number: 10669

Address: 44 COOK ST STE 705

City: DENVER

State: CO

Zip: 80206

Contact Name: Lauren Walsh

Phone: (720)8814502

Fax: ()

Email: lwalsh@bayswater.us

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): 20200034

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: SWSW Sec: 17 Twp: 7N Rng: 65W Meridian: 6

Footage at Surface: 1006 Feet FNL/FSL FSL 577 Feet FEL/FWL FWL

Latitude: 40.570498

Longitude: -104.694412

GPS Data:

GPS Quality Value: 1.4

Type of GPS Quality Value: PDOP

Date of Measurement: 10/29/2022

Ground Elevation: 4906

Field Name: WATTENBERG

Field Number: 90750

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: 17 Twp: 7N Rng: 65W

Footage at TPZ: 930 FSL 460 FWL

Measured Depth of TPZ: 7557

True Vertical Depth of TPZ: 7192 FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 16 Twp: 7N Rng: 65W Footage at BPZ: 931 FSL 460 FEL
Measured Depth of BPZ: 17113 True Vertical Depth of BPZ: 7192 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 16 Twp: 7N Rng: 65W Footage at BHL: 931 FSL 460 FEL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: WELD 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.? Yes

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: 02/04/2019

Comments: WOGLA18-0190

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.)

Please see lease map Doc #402583262

Total Acres in Described Lease: 52 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 837 Feet
Building Unit: 879 Feet
Public Road: 571 Feet
Above Ground Utility: 611 Feet
Railroad: 5280 Feet
Property Line: 315 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	407-2616	1280	Sec.16 & 17: 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: 460 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: 432 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: 17113 Feet

TVD at Proposed Total Measured Depth 7192 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: 375 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

<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>
CONDUCTOR	26	16	NA	42	0	80	400	80	0
SURF	13+1/2	9+5/8	J55	36	0	1500	608	1500	0
1ST	8+1/2	5+1/2	HCP110	20	0	17113	2265	17113	2500

☐ 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	Quaternary Alluvium	0	0	48	48	501-1000	Groundwater Sample	Sample Site ID: 753695
Groundwater	Laramie/Fox Hills	48	48	465	465	1001-10000	Other	CSU - Domestic Water Analysis Report – Larry Moore Well - 176559
Groundwater	Upper Pierre	465	465	1600	1544	1001-10000	Other	Water Quality and the Presence and Origin of Methane in the Upper Pierre Aquifer in Northeastern Weld County, Morgan County and Logan County, Colorado COGCC Project Number 2141 October 2017
Confining Layer	Pierre Shale	1600	1544	4000	3901			
Hydrocarbon	Parkman	4000	3901	4400	4317			
Confining Layer	Pierre Shale	4400	4317	4500	4486			
Hydrocarbon	Sussex	4500	4486	4700	4630			
Confining Layer	Pierre Shale	4700	4630	5000	4921			
Hydrocarbon	Shannon	5000	4921	5300	5272			
Confining Layer	Pierre Shale	5300	5272	7100	7034			
Confining Layer	Sharon Springs	7100	7034	7200	7068			
Hydrocarbon	Niobrara	7200	7068	17113	7192			The TVD of the deepest hydrocarbon zone is the bottom of the well and not the bottom of the formation. The formation is not planned to be exited.

OPERATOR COMMENTS AND SUBMITTAL

Comments

This Form 4 is being submitted as a sundry to the Dehaan 8X-HNB-16-07-65 to update the SHL.

Bayswater is serving as the contract operator from Nickel Road while an acquisition of the location is in process. The location is being reduced from a 12-well pad to a 9-well pad, Nine wells on this pad are being respaced within the existing DSU in sections 17 and 18, and the remainder of existing approved permits will be abandoned on this location and the Dehaan North Pad (Loc ID 460556), leaving only two existing producing wells: Dehaan 2X-HNC-16-07-65 (API: 05-123-49435) and Dehaan 3X-HNB-16-07-65 (API: 05-123-49440).

There have been no new buildings constructed and no changes to the surrounding land use, spacing unit or mineral lease description. The well site has been constructed. All previously submitted notices, Surface Use Agreements, and letters are also still valid.

The nearest well in unit per anti-collision is updated to the Dehaan 7X-HNC-16-07-65 @ 432.
Nearest permitted or existing wellbore belonging to another operator per anti-collision is updated to the Moss 14-16H (API: 05-123-34688) PR Status @ 375'.

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

Oil and Gas Development Plan Name OGDID #:

Location ID: 460600

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

Signed: _____

Print Name: Erin Lind

Title: Reg & Env Manager

Date: 11/22/2022

Email: erin.lind@nickelroadoperating.c

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: 12/22/2022

Expiration Date: 12/21/2025

API NUMBER

05 123 51589 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.

COA Type

Description

Construction	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016).
Interim Reclamation	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017)
Drilling/Completion Operations	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: 1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 2) If a delayed completion, 6 months after rig release and prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.
Drilling/Completion Operations	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 48 hour spud notice for all subsequent wells drilled on the pad. 2) Comply with Rule 408.j and provide cement coverage from the end of production casing to a minimum of 500' above Niobrara. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all aquifers are covered.

4 COAs

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Alternative Logging Program - One of the first wells drilled on the pad will be logged with Open Hole Resistivity Log and Gamma Ray Log from the kick-off point to 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 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 shall clearly state "Alternative Logging Program - No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open hole logs were run.
2	Drilling/Completion Operations	Blowout Prevention Equipment ("BOPE"): A double ram and annular preventer will be used during drilling. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low- and high-pressure fluid.
3	Drilling/Completion Operations	Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
4	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.

Total: 4 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403236432	FORM 2 SUBMITTED
403236476	OffsetWellEvaluations Data
403236490	WELL LOCATION PLAT
403236491	DEVIATED DRILLING PLAN
403236492	DIRECTIONAL DATA
403270426	OFFSET WELL EVALUATION

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	12/22/2022
OGLA	The Location and its associated Form 2A materials was fully reviewed during the review of this APD. This APD complies with all COGCC Rules and is adequately protective of public health, safety, welfare, the environment, and wildlife resources. OGLA task passed.	12/22/2022
Permit	Received consent from the operator for the following: 1. Corrected the surety ID 2. Added the refile COA Passed Permit Review	12/19/2022
Permit	Confirming with the operator on the following: 1. The Surety ID number 2. Adding the refile COA for built locations	12/16/2022
Engineer	Offset Wells re-Evaluated with this APD.	11/22/2022

Total: 5 comment(s)