

FORM
2

Rev
12/05

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:

400288419

Date Received:

05/25/2012

PluggingBond SuretyID

20010124

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER ☐
SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐

Sidetrack ☐

3. Name of Operator: KERR-MCGEE OIL & GAS ONSHORE LP

4. COGCC Operator Number: 47120

5. Address: P O BOX 173779

City: DENVER State: CO Zip: 80217-3779

6. Contact Name: Rebecca Heim Phone: (720)929-6361 Fax: (720)929-7361

Email: rebecca.heim@anadarko.com

7. Well Name: CANNON Well Number: 15N-W3HZ

8. Unit Name (if appl): Unit Number:

9. Proposed Total Measured Depth: 11287

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 3 Twp: 2N Rng: 65W Meridian: 6

Latitude: 40.174019 Longitude: -104.648276

Footage at Surface: 215 feet FNL/FSL 2254 feet FEL/FWL
FNL FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4839 13. County: WELD

14. GPS Data:

Date of Measurement: 04/06/2012 PDOP Reading: 2.5 Instrument Operator's Name: OWEN McKEE

15. If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
620 FNL 1818 FEL 460 FSL 1780 FEL
Sec: 3 Twp: 2N Rng: 65W Sec: 3 Twp: 2N Rng: 65W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 2822 ft

18. Distance to nearest property line: 215 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 60 ft

20. LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR		160	GWA

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #:

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☒ No

23b. If 23 is No: ☒ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

Please see attached Oil and Gas Lease.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 948

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☒ No

31. Mud disposal: ☒ Offsite ☐ Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: ☐ Land Farming ☒ Land Spreading ☐ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
SURF	13+1/2	9+5/8	36.0	0	775	580	775	0
1ST	8+3/4	7	26.0	0	7,225	720	7,225	
1ST LINER	6+1/8	4+1/2	11.6	6209	11,287			

32. BOP Equipment Type: ☒ Annular Preventer ☐ Double Ram ☒ Rotating Head ☐ None

33. Comments No conductor casing will be used. Unit Configuration NBRR W/2E/2. The surface location of this well is an exception to Rule 318A.a and to Rule 318A.c. This well is not within the GWA surface location window and does not meet the twinning requirement due to the number of wells planned for this area and at the request of the surface owner. An exception location request letter and signed waivers are attached to the Form 2 and Form 2A. Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. KMG is the operator of the encroached upon well(s).

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☐ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

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

Signed: _____ Print Name: Rebecca Heim

Title: Regulatory Analyst II Date: 5/25/2012 Email: DJRegulatory@anadarko.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 and applicable orders and is hereby approved.

COGCC Approved: _____ Director of COGCC Date: 6/22/2012

API NUMBER

05 123 35787 00

Permit Number: _____ Expiration Date: 6/21/2014

CONDITIONS OF APPROVAL, IF ANY:

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.

Operator shall run an open hole log across the surface casing shoe on the first well drilled from this pad.

Operator must comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.

Operator must meet Water Well Testing requirements as per amended Rule 318Ae(4)

1)Provide notice of MIRU via an electronic Form 42.

2)Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with a cement bond log.

3)Comply with Rule 321. Run and submit Directional Survey from the TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

Att Doc Num	Name
400288419	FORM 2 SUBMITTED
400288421	DEVIATED DRILLING PLAN
400288422	PLAT
400288423	TOPO MAP
400288424	30 DAY NOTICE LETTER
400288425	SURFACE AGRMT/SURETY
400288426	OIL & GAS LEASE
400288427	EXCEPTION LOC REQUEST
400288428	EXCEPTION LOC WAIVERS
400288429	VARIANCE REQUEST
400288430	PROPOSED SPACING UNIT
400288431	OTHER
400288917	DIRECTIONAL DATA

Total Attach: 13 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected footages to nearest well in the same formation as per opr. Final Review Completed. No LGD or public comment received.	6/22/2012 9:38:13 AM
Engineer	Talked to and emailed Rebecca Heim (6/4/12) regarding the existing well within 300' that was inadequately plugged. Gave her our acceptable mitigation measures and put the permit on hold. Method of mitigation chosen will become either a BMP or COA or both.	6/4/2012 3:37:26 PM
Permit	Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached. Operator requests approval of a Rule 318Am exception location: Wellhead is to be located less than 150' from an existing wellbore. Request and waivers attached. Ready to pass pending public comment 6/15/12.	5/25/2012 3:03:24 PM

Total: 3 comment(s)

BMP

Type	Comment
Drilling/Completion Operations	<p>It was agreed in a consultation with Anadarko personnel on June 13, 2012 that precautions shall be taken during drilling and/or stimulation to decrease the risk of communicating with the William Katchen et al #1 (API# 123-05100), a dry and abandoned well. The referenced well lacks isolation of the Fox Hills Aquifer and Sussex, Niobrara and Codell Formations. To reduce the risk of impacting any un-isolated zones, no segments of the wellbore within 300' of the referenced well shall be stimulated. At the Operator's discretion, a portion of or the entire 300' setback may be created during the drilling of the proposed wellbore. If this option is selected, a revised directional drilling plan must be submitted via Sundry Form 4 prior to drilling to ensure the wellbore is still within the lease. Also at least ten (10) days prior to stimulation, the Operator shall provide a Form 4 and Form 5 for COGCC approval. The Form 4 shall detail the stimulation plan and any segment of the borehole to be eliminated from stimulation due to the setback referenced above. The Form 5 shall contain an uploaded directional template to confirm either the setback distances were created during drilling or any segment of wellbore that may not be stimulated. This Sundry notice shall be submitted via email to the appropriate engineer. Should the Operator decide to re-enter and properly plug and abandon the referenced well prior to the stimulation of the proposed well, these required setbacks could be eliminated by COGCC staff.</p>
Drilling/Completion Operations	<ol style="list-style-type: none"> 1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated date stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation. 2. The operator will monitor the bradenhead pressure of all wells operator has identified within 300 feet of the well to be fracture stimulated. All wells within 300 feet are operated by Kerr-McGee Oil & Gas Onshore LP. 3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved. Alternate electronic measurement may be used to record the prescribed pressures. Data shall be kept for a period of one year. 4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken.

Drilling/Completion Operations	<p>“Prior to drilling operations, Operator may perform an anti-collision review of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision review may include MWD or gyro surveys and surface locations of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anti-collision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to COGCC with the Form 5.”</p> <p>At the time of permitting; the operator has identified the following well(s) as being within close proximity of the proposed well:</p> <p>CANNON 15N-W3HZ: - CANNON 24-3 - CANNON 37-3</p>
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Total: 3 comment(s)