

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



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07/13/2012

PluggingBond SuretyID

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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: BONANZA CREEK ENERGY OPERATING COMPANY LLC4. COGCC Operator Number: 89605. Address: 410 17TH STREET SUITE #1400City: DENVER State: CO Zip: 802026. Contact Name: Erin Ekblad Phone: (720)440-6100 Fax: (720)279-2331Email: eeekblad@bonanzacrk.com7. Well Name: Latham Well Number: H-2

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

9. Proposed Total Measured Depth: 6640

WELL LOCATION INFORMATION

10. QtrQtr: SWNW Sec: 2 Twp: 4N Rng: 63W Meridian: 6Latitude: 40.341550 Longitude: -104.411650

Footage at Surface: 2643 feet FNL/FSL 854 feet FEL/FWL FWL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 4529 13. County: WELD

14. GPS Data:

Date of Measurement: 04/20/2012 PDOP Reading: 1.2 Instrument Operator's Name: Wyatt Hall15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 2580 FSL 1361 FWL FWL Bottom Hole: FNL/FSL 2580 FSL 1361 FWL FWL
 Sec: 2 Twp: 4N Rng: 63W Sec: 2 Twp: 4N Rng: 63W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 837 ft18. Distance to nearest property line: 854 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 361 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-Codell	NB-CD		160	GWA

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

Section 2: N/2NW/4, NE/4, NE/4SE/4; that part of the S/2NW/4, NE/4SW/4, NW/4SE/4, S/2SE/4 lying North of the Union Pacific Railroad right-of-way; That part of the S/2NW/4, NE/4SW/4, NW/4SE/4, S/2SE/4 lying South of the Union Pacific Railroad right-of-way; W/2SW/4, SE/4SW/4

25. Distance to Nearest Mineral Lease Line: 1361 ft

26. Total Acres in Lease: 662

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	12+1/4	8+5/8	24	0	410	170	410	0
1ST	7+7/8	4+1/2	11.6	0	6,640	112	6,640	6,023

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

33. Comments Conductor casing will not be used. Per rule 318Ae, the Operator requests the proposed spacing unit consisting of 160 acres, N2SW and S2NW of Sec 2 T4N R63W. Proposed spacing unit map and 30-day certificate is attached.

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: Erin Ekblad

Title: Regulatory Analyst Date: 7/13/2012 Email: eeekblad@bonanzacrk.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: Matthew Lee Director of COGCC Date: 8/18/2012

API NUMBER

05 123 35989 00

Permit Number: _____ Expiration Date: 8/17/2014

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 must meet water well sampling requirements as per Rule 318A.

- 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. Verify coverage with a cement bond log.

Attachment Check List

Att Doc Num	Name
2288898	EXCEPTION LOC REQUEST
2288899	EXCEPTION LOC WAIVERS
2481723	SURFACE CASING CHECK
2532924	SURFACE AGRMT/SURETY
2532926	CONSULT NOTICE
400305491	FORM 2 SUBMITTED
400305538	WELL LOCATION PLAT
400305539	DEVIATED DRILLING PLAN
400305540	DIRECTIONAL DATA
400305542	PROPOSED SPACING UNIT

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	8/17/2012 10:46:42 AM
Permit	Corrected #17 and #19 per operator.	8/17/2012 10:46:40 AM
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.	8/16/2012 12:23:34 PM
Permit	Attached exception location request and waivers.	8/16/2012 7:58:42 AM
Permit	On Hold. Requested exception location waivers and verification of #17 and #19.	8/13/2012 8:26:55 AM
Permit	Operator submitted SUA and consult waiver.	3/3/2012 2:29:22 PM
Permit	On hold - Waiting on exception location and waivers perm Rule 318Aa.	7/16/2012 2:22:47 PM

Total: 7 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)