

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Document Number:

400328966

Date Received:

10/03/2012

PluggingBond SuretyID

20030028

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: SWEPI LP4. COGCC Operator Number: 781105. Address: 4582 S ULSTER ST PKWY #1400City: DENVER State: CO Zip: 802376. Contact Name: Nancy Feck Phone: (307)367-7934 Fax: (307)367-4285Email: N.Feck@shell.com7. Well Name: Herring Draw Well Number: 5-338. Unit Name (if appl): Williams Fork Unit Number: COC74956X9. Proposed Total Measured Depth: 7050

WELL LOCATION INFORMATION

10. QtrQtr: LOT 4 Sec: 33 Twp: 5N Rng: 90W Meridian: 6Latitude: 40.345767 Longitude: -107.505606Footage at Surface: 1205 feet FNL/FSL 1012 feet FEL/FWL FWL11. Field Name: Waddle Creek Field Number: 9045012. Ground Elevation: 6804 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 08/17/2012 PDOP Reading: 2.1 Instrument Operator's Name: Dallas Nelson15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 1525 FNL 1091 FWL 405 FSL 1043 FEL FWL
Sec: 33 Twp: 5N Rng: 90W Sec: 32 Twp: 5N Rng: 90W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 1485 ft18. Distance to nearest property line: 321 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 690 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 Shale	NBRR			

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):

Please see attached Mineral Lease map and Legal Lease descriptions. Distance to the nearest Unit boundary is 10, 560'. Horizontal wellbore crosses multiple fee leases.

25. Distance to Nearest Mineral Lease Line: 0 26. Total Acres in Lease: 1163

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
CONDUCTOR	30	20		0	90		90	0
SURF	13+1/2	10+3/4	40.5lbs	0	1,000	540	1,000	0
1ST LINER	7+7/8	5+1/2	17lbs	0	7,050	78	2,748	1,948

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

33. Comments Depending on subsurface conditions, intermediate casing may be used. If intermediate casing is used, the hole will be 9 7/8". Intermediate casing of 7 5/8" will run from the surface to 2748' with cement from 2748' to 1948'. The production hole will be drilled at 6 3/4". A 5 1/2" production liner will be installed from 2548' to 7050', uncemented. A 9pt. drilling plan outlining this procedure is attached.

34. Location ID: 427213

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: Nancy Feck

Title: Regulatory Technician

Date: 10/3/2012

Email: N.Feck@shell.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: 10/26/2012

API NUMBER

05 081 07757 00

Permit Number: _____ Expiration Date: 10/25/2014

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.

1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

Attachment Check List

Att Doc Num	Name
400328966	FORM 2 SUBMITTED
400330633	DEVIATED DRILLING PLAN
400330634	WELL LOCATION PLAT
400330635	TOPO MAP
400330639	LEGAL/LEASE DESCRIPTION
400330640	DRILLING PLAN
400330641	WELLBORE DIAGRAM
400330643	WELLBORE DIAGRAM
400330645	SURFACE AGRMT/SURETY
400332477	DIRECTIONAL DATA
400332489	MINERAL LEASE MAP

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed.	10/25/2012 6:51:57 AM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1 MILE IS 000 FEET DEEP.	10/17/2012 1:26:33 PM
Permit	Directional drilling template/import data values match the deviated drilling plan and excel spreadsheet.	10/4/2012 6:27:41 PM
Permit	Return to draft: 1. Directional drilling template/import data values do not match the deviated drilling plan or the directional drilling data excel spreadsheet.	10/3/2012 11:44:21 PM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Storm Water/Erosion Control	<p>Stormwater Management Plans(SWMP) are in place to comply with both Colorado Department of Public Health and Environment(CDPHE) and Colorado Oil and Gas Conservation Commission(COGCC) stormwater discharge permits. The construction layout for Herring Draw 1-33 details Best Management Practices(BMP) to be installed during initial construction. NOte that BMP's may be removed, altered, or replaced with changing conditions in the field and the stormwater managment plan will be updated accordingly. The BMP's prescribed for the initial construction phase include, but are not limited to:</p> <ul style="list-style-type: none"> -Construct diversion ditch -Sediment reservoirs -Check dams -Level spreaders -Stabilized construction entrance -Slash -Sediment trap -Wattle -Terrace -Secondary containment berms -Detention ponds
Wildlife	<p>Per previous discussions with Colorado Parks & Wildlife for this well pad locaton the following inlcude CPW recommendations and concerns:</p> <ol style="list-style-type: none"> 1) Shell will make a good faith effort to finish drilling at this location outside of the period between December 1 and April 15. 2) Shell agreed that for future re-entry to this well site, if applicable, will occur outside of the period between December 15 and April 15. 3) Interim and final reclamation will match existing vegetation. 4) Avoid aggressive non-native grasses and shrubs in mule deer and elk habitat restoration. 5) Shell will include a weed management plan and implement the plan as part of the reclamation. 6) Conduct post-development well site visitations between Decmeber 1 and April 15 in mule deer and elk winter range. 7) Gate single-purpose roads and restrict general public access to reduce traffic disruptions to wildlife - consistent with the surface owenrs goals. <p>If possible SWEPI LP will use existing 2 track or other existing road or semi road to minimize vegetation distrubance, soil disturbance and potential access to the property.</p>
Material Handling and Spill Prevention	<p>Spill Prevention Plans(SPCC) are in place to address material releases and to prescribe materials handling BMP's for the facility. "Good house-keeping" measures will be taken to ensure propoer waste disposal.</p>

Total: 3 comment(s)