

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:

400354687

Date Received:

12/06/2012

PluggingBond SuretyID

20030028

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☒ GAS ☐ COALBED ☐ OTHER Un-planned sidetrack
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)367-6934 Fax: (307)367-4285Email: N.Feck@shell.com7. Well Name: Gnat Hill Well Number: 1-298. Unit Name (if appl): Skeeters Unit Unit Number: COC075127
X9. Proposed Total Measured Depth: 10000

WELL LOCATION INFORMATION

10. QtrQtr: NESE Sec: 29 Twp: 6N Rng: 89W Meridian: 6Latitude: 40.445739 Longitude: -107.392506Footage at Surface: 2374 feet FNL/FSL 360 feet FEL/FWL FEL11. Field Name: Buck Peak Field Number: 767512. Ground Elevation: 6656 13. County: ROUTT

14. GPS Data:

Date of Measurement: 06/28/2011 PDOP Reading: 2.1 Instrument Operator's Name: B.Hunting15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 530 FSL 1563 FEL 1011 FEL/FWL 2461 FEL
Sec: 29 Twp: 6N Rng: 89W Sec: 32 Twp: 6N Rng: 89W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 260 ft18. Distance to nearest property line: 2272 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 10160 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 | | | |

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 reference mineral lease description and map submitted along with original Form 2 for this well. This is a horizontal wellbore crossing multiple leases.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 1360

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 | 48 | 90 | 0 |
| SURF | 13+1/2 | 10+3/4 | 40.5 | 0 | 1,000 | 454 | 1,000 | 0 |
| 2ND | 9+7/8 | 7+5/8 | 29.7 | 0 | 8,000 | 766 | 8,000 | 1,400 |
| 1ST LINER | 6+3/4 | 5+1/2 | 17 | 7300 | 9,725 | 0 | | |

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

33. Comments Verbal approval to sidetrack was given by David Andrews on December 3, 2012. This was due to major hole instability at 1400'MD - 2000'MD, multiple cleanout trips, and a failed attempt to stabilize the formation across the zones with a cement plug. The plan includes to create a 50' separation from the old well bore and drill to intermediate casing point. In the production interval we would steer back and hit the permitted BHL.

34. Location ID: 425278

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: 12/6/2012 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: 12/16/2012

API NUMBER

05 107 06243 01

Permit Number: _____ Expiration Date: 12/15/2014

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.
(2) CEMENT ON PRODUCTION CASING MUST BE AT LEAST 200' ABOVE TOP OF FT. UNION AND COMPLY WITH RULES 209 AND 317.I. SEGREGATE OIL, GAS, AND FRESH-WATER-BEARING ZONES AND PROTECT COAL SEAMS. VERIFY TOP WITH CBL.

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400354687 | FORM 2 SUBMITTED |
| 400354891 | DEVIATED DRILLING PLAN |
| 400354894 | DIRECTIONAL DATA |

Total Attach: 3 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Related sundry 2131701 approved in eng. 12/7/12. Verbal approval doc #2055674 in well file. Final Review--passed. | 12/14/2012 4:26:06 PM |
| Engineer | THE SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1 -MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 00 FEET DEEP. | 12/7/2012 12:21:49 PM |
| Permit | Added federal unit formed since original APD approval. Distance to nearest unit boundary is 1563'. | 12/6/2012 1:49:38 PM |
| Permit | This form passed completeness. | 12/6/2012 1:24:29 PM |

Total: 4 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)