

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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400332711

Date Received:

10/23/2012

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: Cheryl Light Phone: (720)929-6461 Fax: (720)929-7461

Email: cheryl.light@anadarko.com

7. Well Name: DECHANT Well Number: 36N-E1HZ

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

9. Proposed Total Measured Depth: 16056

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 36 Twp: 3N Rng: 65W Meridian: 6

Latitude: 40.188394 Longitude: -104.610912

Footage at Surface: 180 feet FNL/FSL 2261 feet FEL/FWL FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4808 13. County: WELD

14. GPS Data:

Date of Measurement: 12/14/2011 PDOP Reading: 1.8 Instrument Operator's Name: CHRIS BOUB

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
755 FNL 2287 FEL 460 FSL 2287 FEL
Sec: 36 Twp: 3N Rng: 65W Sec: 1 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: 1841 ft

18. Distance to nearest property line: 180 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 150 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		640	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):

Horizontal wellbore will produce from multiple leases. Township 3 North, Range 65 West, Section 36 - All - Colorado Oil and Gas Lease 70-7990, please see attached Lease Description for additional leases.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 6261

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	700	520	700	0
1ST	8+3/4	7	26.0	0	7,237	690	7,237	0
1ST LINER	6+1/8	4+1/2	11.6	6237	16,506			

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

33. Comments No conductor casing will be used. Unit Configuration NBRR: Sec. 36:E/2W/2, W/2E/2; Sec. 1:E/2W/2, W/2E/2. Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director to waive Rule 318A.m for this well. Noble and KMG are the operators of the encroached upon well(s) Please see attached Compliance Letter. 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. Operator will run open hole logs into the surface casing on the first well drilled on this pad.

34. Location ID: 330597

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: Cheryl Light

Title: Sr. Regulatory Analyst Date: 10/23/2012 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: Matthew Lee Director of COGCC Date: 12/16/2012

API NUMBER

05 123 36408 00

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.

Per the attached Correspondence (Doc# 2482008), Kerr-McGee agrees to either remediate the Dechant USX X #1-7 (API# 123-08475) or exclude the segment of the proposed wellbore within 500' of this well from hydraulic fracture treatment. If the existing referenced well is remediated, a Form 4 shall be submitted and approved to provide zonal isolation of all formations penetrated. Following the cementing work, a Form 5 shall be submitted and approved to document this remedial cement. For this option an approved Form 5 is required prior to the stimulation of the proposed well. If the proposed wellbore will not be stimulated within 500' of the existing referenced well, operator shall submit a Form 4 Sundry Notice after reaching TD prior to hydraulic fracture treatment. This Sundry Notice shall detail the treatment plan, the specific segment of the borehole to be excluded from the treatment and shall include the directional survey. The Sundry Notice shall be submitted via email to Ryan.Hollinshead@state.co.us at least ten (10) days prior to the proposed hydraulic fracture treatment and must be approved prior to the hydraulic fracture treatment being completed.

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

2)Comply with Rule 317.i and provide cement coverage from the 7" casing TD to a minimum of 200' above the Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with a cement bond log.

Operator must meet water well testing requirements per Rule 318A.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
2482008	CORRESPONDENCE
400332711	FORM 2 SUBMITTED
400332715	DEVIATED DRILLING PLAN
400332716	WELL LOCATION PLAT
400332717	TOPO MAP
400332718	30 DAY NOTICE LETTER
400332719	SURFACE AGRMT/SURETY
400332720	LEGAL/LEASE DESCRIPTION
400332721	EXCEPTION LOC REQUEST
400332722	EXCEPTION LOC WAIVERS
400332724	OTHER
400332725	PROPOSED SPACING UNIT
400334828	VARIANCE REQUEST
400334829	DIRECTIONAL DATA

Total Attach: 14 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	12/12/2012 11:34:42 AM
Permit	Surface Restoration Bond on file with SLB; per Sherry Lee.	12/3/2012 1:13:04 PM
Permit	ON HOLD: engineering w/o COA being confirmed regarding the proximity to API# 123-08475.	11/15/2012 10:26:48 AM
Engineer	Evaluated offset wells for adequate cement coverage.	11/8/2012 9:12:54 AM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	11/2/2012 11:04:36 AM
Permit	Changed Minerals from fee to state. Added Township 3 North, Range 65 West, Section 36 - All - Colorado Oil and Gas Lease 70-7990 to lease discription. Changed nearest mineral lease line from 460' to 0' and distance to the nearest well from 269' to 150' per operator. ok to pass.	11/2/2012 10:59:05 AM
Permit	request confirmation of "distance to nearest well". And lease hold.	11/2/2012 10:55:09 AM
Permit	Operator requests approval of a Rule 318Am exception location: Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached.	11/2/2012 10:55:09 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.	11/2/2012 10:55:08 AM
Permit	Operator's request for omission of open hole logs.	11/2/2012 10:55:07 AM
Permit	This form passed completeness.	10/23/2012 4:15:14 PM

Total: 11 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
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>DECHANT 36N-E1HZ: - HSR-DECHANT STATE 2-36 - DECHANT 24-36 - DECHANT 7-36 - DECHANT 15-36 - 1-7 DECHANT - USX X</p>
Drilling/Completion Operations	Kerr McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.

Total: 2 comment(s)