

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Document Number:

400372481

Date Received:

01/24/2013

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: MORNING FRESH Well Number: 3N-15HZ

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

9. Proposed Total Measured Depth: 11806

WELL LOCATION INFORMATION

10. QtrQtr: NENW Sec: 22 Twp: 3N Rng: 66W Meridian: 6

Latitude: 40.216584 Longitude: -104.766416

Footage at Surface: 456 feet FNL/FSL 1851 feet FEL/FWL
 FNL FWL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4885 13. County: WELD

14. GPS Data:

Date of Measurement: 05/10/2012 PDOP Reading: 1.3 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
 473 FSL 1521 FWL 460 FNL 1515 FWL
 Sec: 15 Twp: 3N Rng: 66W Sec: 15 Twp: 3N Rng: 66W

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: 460 ft

18. Distance to nearest property line: 250 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 285 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		400	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):

Horizontal wellbore will produce from multiple leases, please see attached Lease Description.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 5872

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	937	700	937	0
1ST	8+3/4	7	26.0	0	7,492	730	7,492	0
1ST LINER	6+1/8	4+1/2	11.6	6534	11,806			

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

33. Comments No conductor casing will be used. Unit Configuration NBRR: Sec. 15:W/2; Sec. 22:N/2W/2. 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). 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: 336282

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: 1/24/2013 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: 2/28/2013

API NUMBER

05 123 36909 00

Permit Number: _____ Expiration Date: 2/27/2015

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 testing requirements per Rule 318A.

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 acknowledges the proximity of the UPRR 22 Pan AM D #1 (API# 123-07301) well. Operator agrees to: provide one of the five mitigation options (per the Horizontal Offset Policy – Draft) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 (“OTHER – AS SPECIFIED BY PERMIT CONDITION”) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic fracture treatment of this well.

Kerr McGee acknowledges the proximity of Kerr McGee's well the UPRR 22 Pan AM D #1 (API# 05-123-07301 to Kerr McGee's proposed Morning Fresh wells (#29C-15HZ and #3N-15HZ), Kerr McGee shall undertake necessary mitigation measures to prevent groundwater contamination from the above identified offset well in the drilling and completion of proposed wells.

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

2)Comply with Rule 317.i and provide cement coverage to a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per 317.o.

Operator acknowledges the proximity of the Raith L #15-3 (API# 123-09832) well. Operator agrees to: provide one of the five mitigation options (per the Horizontal Offset Policy – Draft) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 (“OTHER – AS SPECIFIED BY PERMIT CONDITION”) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic fracture treatment of this well.

The Raith L #15-3 (API# 05-123-09832) which is operated by Noble Energy, Inc. has also been identified as an offset well that raises reasonable concerns related to any offset well(s)' wellbore integrity's ability to preserve formation isolation, but which is not owned or operated by Kerr McGee. Kerr McGee shall notify and use best efforts to work with the offset well operator(s) for purposes of implementing necessary mitigation measures to minimize risk of groundwater contamination.

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
1695534	PROPOSED SPACING UNIT
2482137	SURFACE CASING CHECK
400372481	FORM 2 SUBMITTED
400372488	DEVIATED DRILLING PLAN
400372489	PLAT
400372490	30 DAY NOTICE LETTER
400372491	SURFACE AGRMT/SURETY
400372493	LEGAL/LEASE DESCRIPTION
400372494	EXCEPTION LOC REQUEST
400372495	EXCEPTION LOC WAIVERS
400372497	VARIANCE REQUEST
400372500	OTHER
400374212	DIRECTIONAL DATA

Total Attach: 13 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	2/26/2013 9:34:40 AM
Permit	Received and attached corrected Proposed Spacing Unit map. ok to pass.	2/13/2013 10:11:58 AM
Permit	ON HOLD: Requesting corrected Proposed Spacing Unit map. Changed TPZ section to 22 per Deviated drilling plan.	2/12/2013 8:55:19 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.	2/12/2013 8:55:18 AM
Permit	Operator's request for omission of open hole logs.	2/12/2013 8:55:15 AM
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.	2/12/2013 8:55:13 AM
Engineer	Evaluated offset wells for adequate cement coverage.	2/6/2013 8:46:07 AM
Permit	Form has passed completeness.	1/29/2013 9:08:49 AM
Permit	Returned to draft: 1) oper. needs to delete dir. template for 36N-22HZ	1/25/2013 11:25:37 AM

Total: 9 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
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.
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: MORNING FRESH 3N-15HZ: - UPRR 22 PAN AM D 1</p>

Total: 2 comment(s)