

FORM
2

Rev
08/13

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:

400475465

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

09/04/2013

Well Name: BADDING Well Number: 34N-2HZ
Name of Operator: KERR-MCGEE OIL & GAS ONSHORE LP COGCC Operator Number: 47120
Address: P O BOX 173779
City: DENVER State: CO Zip: 80217-3779
Contact Name: Lauren Kucera Phone: (720)929-6107 Fax: (720)929-7107
Email: lauren.kucera@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 35 Twp: 2N Rng: 66W Meridian: 6
Latitude: 40.093918 Longitude: -104.750693

Footage at Surface: 2412 feet FNL/FSL FSL 851 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 5101 County: WELD

GPS Data:

Date of Measurement: 06/10/2013 PDOP Reading: 1.7 Instrument Operator's Name: OWEN MCKEE

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 2500 FSL 180 FWL 1 FEL/FWL 180 FWL 1
Sec: 35 Twp: 2N Rng: 66W Sec: 2 Twp: 1N Rng: 66W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: ☐ is the mineral owner beneath the location.

(check all that apply) ☐ is committed to an Oil and Gas Lease.

☐ has signed the Oil and Gas Lease.

☐ is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Lease Description: CO-000010966:
Township 2 North, Range 66 West, 6th P.M.
Section 27: NW/4, S/2
Section 35: NW/4, S/2
Township 1 North, Range 66 West,
Section 1: Lot 2 (N/2 NW/4) (81.17), S/2 NW/4, S/2
Section 3: Lot 2 (N/2 NW/4) (76.00), S/2 NW/4, S/2
Section 11: NW/4, S/2
Section 13: NW/4, S/2
Section 23: NW/4, S/2
Section 27: NW/4, S/2
Section 33: NW/4, S/2
Section 35: NW/4, S/2
Township 1 North, Range 65 West,
Section 7: Lots 1 and 2 (W/2W/2) (159.64), E/2 W/2, SE/4
Adams County
Township 1 South, Range 66 West,
Section 1: Lot 2 (N/2 NW/4) (60.61), S/2 NW/4, S/2

Total Acres in Described Lease: 5737 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3008 Feet
Building Unit: 3008 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 2384 Feet
Above Ground Utility: 712 Feet
Railroad: 5280 Feet
Property Line: 851 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone
☐ Exception Zone
☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 119 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1139 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

Unit Configuration: 2N66W Sec 34:E2SE, SENE, Sec 35:W2SW, SWNW, 1N66W-Sec 2:W2W2, Sec 3:E2E2, Sec 11:NWNW, Sec 10:NENE

OBJECTIVE FORMATIONS

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

DRILLING PROGRAM

Proposed Total Measured Depth: 15442 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 119 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: ☒ Annular Preventor ☐ Double Ram ☒ Rotating Head ☐ None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Other

Cuttings Disposal: Cuttings Disposal Method: Other

Other Disposal Description:

Please see comments section. Disposal description will not fit in space provided.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: or Document Number:

CASING PROGRAM

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	1224	460	1224	0
1ST	8+3/4	7	26	0	7799	820	7799	0
1ST LINER	6+1/8	4+1/2	11.6	6801	15442			

☒ Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

☒ Rule 318A.a. Exception Location (GWA Windows).

☒ Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

OTHER LOCATION EXCEPTIONS

Check all that apply:

☐ Rule 318.c. Exception Location from Rule or Spacing Order Number _____

☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

Other disposal description:

Drilling fluids disposal: KMG will reuse water-based drilling fluids to the maximum extent at which point they will either be land applied or taken to a licensed, commercial disposal site; decided upon based off of laboratory analysis of fluids. Cuttings disposal: If the surface owner authorizes and if it is feasible for this location at the time of drilling, water-based cuttings will be disposed of onsite using bioremediation/solidification product.

If the surface owner does not authorize onsite disposal and/or it is not feasible for this location at the time of drilling, water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field.

Operator will run open hole logs into the surface casing on the first well drilled on this pad.

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).

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? _____ Yes

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Lauren Kucera

Title: Regulatory Analyst II Date: 9/4/2013 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:  Director of COGCC Date: 10/9/2013

Expiration Date: 10/08/2015

API NUMBER

05 123 38287 00

Conditions Of Approval

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.

COA Type

Description

	Operator acknowledges the proximity of the following non-operated wells: Vawter Gas Unit 1 API # 123-09623, McConahay 43-34 API # 123-19637, Shafer 12-35 API # 123-22227. Operator assures that these offsets will be remediated per the DJ Basin Horizontal Offset Policy (options 1,2 or 3) or operator will address this well with mitigation option 4. Operator will 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 stimulation of this well.
	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara and from 200' below the Shannon to 200' above Sussex. Verify coverage with cement bond log. 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Best Management Practices

No BMP/COA Type

Description

1	Planning	This pad location is located in a rural rangeland area. The nearest building unit is located 3008' away.
2	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.
3	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 wells: JESSER 31-2, BADDING 34-3</p>

Total: 3 comment(s)

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

<u>Att Doc Num</u>	<u>Name</u>
2114291	EXCEPTION LOCATION REQUEST
400475465	FORM 2 SUBMITTED
400475635	OffsetWellEvaluations Data
400475653	ACCESS ROAD MAP
400475656	DEVIATED DRILLING PLAN
400475659	SURFACE AGRMT/SURETY
400475661	WELL LOCATION PLAT
400475662	EXCEPTION LOC WAIVERS
400475663	PROPOSED SPACING UNIT
400475664	OTHER
400475665	DIRECTIONAL DATA
400476116	WAIVERS

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Added entire 5737 acre lease description. Centralized E&P Waste Management Facility ID is 149021 from 2A. Operator's distance to building was greater than distance to building unit. Changed distance to bldg to match distance to BU. Copy of Exception Location Request from other well on pad attached. Ready to pass.	9/19/2013 1:57:09 PM
Permit	Passes Completeness.	9/5/2013 1:51:38 PM

Total: 2 comment(s)