

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:

400597974

APPLICATION FOR PERMIT TO:

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

Date Received:

05/13/2014

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refiling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Federal GM

Well Number: 702RD-4-HN1

Name of Operator: WPX ENERGY ROCKY MOUNTAIN LLC

COGCC Operator Number: 96850

Address: 1001 17TH STREET - SUITE #1200

City: DENVER State: CO Zip: 80202

Contact Name: Reed Haddock

Phone: (303)606-4086

Fax: (303)6298268

Email: reed.haddock@wpxenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 4 Twp: 7S Rng: 96W Meridian: 6

Latitude: 39.469408

Longitude: -108.112800

Footage at Surface: 1407 feet FNL/FSL FNL 2386 feet FEL/FWL FEL

Field Name: GRAND VALLEY

Field Number: 31290

Ground Elevation: 5532

County: GARFIELD

GPS Data:

Date of Measurement: 02/06/2013 PDOP Reading: 1.8 Instrument Operator's Name: Robert Kay

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

Footage at Top of Prod Zone: FNL/FSL FNL/FWL Bottom Hole: FNL/FSL FEL/FWL

 1428 FNL 2569 FEL 2055 FNL 1543 FEL
 Sec: 4 Twp: 7S Rng: 96W Sec: 9 Twp: 7S Rng: 96W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☐ Fee ☐ State ☒ Federal ☐ IndianThe 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: oil and gas lease

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 attached.

Total Acres in Described Lease: 2221 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC24603

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 590 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4970 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 4970 Feet

Railroad: 5280 Feet

Property Line: 1110 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: 1300 Feet

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

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

SPACING & FORMATIONS COMMENTS

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			

DRILLING PROGRAM

Proposed Total Measured Depth: 16953 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1300 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Cuttings trench

Other Disposal Description:

Beneficial reuse or land application plan submitted?

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
CONDUCTOR	24	20	52.78#	0	80	30	80	0
SURF	17+1/2	13+3/8	68#	0	2400	791	2400	0
1ST	12+1/4	9+5/8	53.5#	0	9580	1111	9580	4000
S.C. 1.1	12+1/4	9+5/8	53.5#	0	4000	585	4000	1400
2ND	7+7/8	5+1/2	23#	0	16953	813	16953	

☐ 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

This well will not spud until the Federal GM 702-4-HN1 has been P&A. Concerning the current pending permit you are working on (Doc. No. 400597974) the following can be inserted in the comment section.

Concerning the existing wellbore for the GM 702-4-HN1, Federal regulators requested that, after P&A work performed between June 23-25, 2014 and reported in sundries to BLM and COGCC on July 11, 2014, the wellhead be left in place so gauges can monitor pressure during the completion operations of the new re-drill (GM 702RD-4-HN1).

Even though the GM 702RD-4-HN1 and the original GM 702-4-HN1 will be drilled into the same objective formation (Niobrara), only the GM 702RD-4-HN1 wellbore will be producing from the Niobrara formation. Once successful monitoring has been completed from the original wellbore, the final P&A operations of the GM 702-4-HN1 will be completed and the GM 702RD-4-HN1 will then be put on-line.

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

Location ID: 334754

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: Reed Haddock

Title: Regulatory Specialist Sta Date: 5/13/2014 Email: reed.haddock@wpenergy.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: 7/24/2014

Expiration Date: 07/23/2016

API NUMBER

05 045 22461 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.

<u>COA Type</u>	<u>Description</u>
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	<p>Concerning the current pending permit you are working on (Doc. No. 400597974) the following can be inserted in the comment section.</p> <p>Concerning the existing wellbore for the GM 702-4-HN1, Federal regulators requested that, after P&A work performed between June 23-25, 2014 and reported in sundries to BLM and COGCC on July 11, 2014, the wellhead be left in place so gauges can monitor pressure during the completion operations of the new re-drill (GM 702RD-4-HN1).</p> <p>Even though the GM 702RD-4-HN1 and the original GM 702-4-HN1 will be drilled into the same objective formation (Niobrara), only the GM 702RD-4-HN1 wellbore will be producing from the Niobrara formation. Once successful monitoring has been completed from the original wellbore, the final P&A operations of the GM 702-4-HN1 will be completed and the GM 702RD-4-HN1 will then be put on-line.</p>
	<p>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.</p> <p>(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON FIELD NOTICE TO OPERATORS IS REQUIRED, WITH THE FOLLOWING EXCEPTION: ALL FIELD NOTICE REQUIREMENTS SPECIFIED IN THIS NOTICE TO OPERATORS ARE SUPERSEDED BY THE REQUIREMENTS OF THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY (SEE CONDITION OF APPROVAL #1). SEE ATTACHED NOTICE.</p> <p>(3) CEMENT ON PRODUCTION CASING MUST BE A MINIMUM OF 200' ABOVE THE TOP OF THE MESA VERDE FORMATION (OR 200' ABOVE THE OHIO CREEK FORMATION IF PRESENT). CEMENT TOP VERIFICATION BY CBL IS REQUIRED.</p> <p>(4) THIS PLANNED HORIZONTAL WELLBORE IS LOCATED APPROXIMATELY 100 FEET FROM AND PARALLEL TO ADJACENT HORIZONTAL WELLBORE API# 045-22051 (FEDERAL GM 702-4-HN1). OPERATOR HAS TEMPORARILY ABANDONED FEDERAL GM 702-4-HN1, AS DESCRIBED ON FORM 4 #400640800, AND THE WELL SHALL BE PERMANENTLY PLUGGED AND ABANDONED AFTER USE FOR PRESSURE MONITORING IS COMPLETE.</p> <p>(5) THIS PROPOSED HORIZONTAL WELL APPEARS TO PASS WITHIN 150 FEET OF THE WELLBORE PATH OF OFFSET HORIZONTAL WELL FED GM 702-4-HN1 (API#045-22051). Prior to drilling operations, Operator shall perform an anti-collision scan of the existing offset well. This anti-collision scan shall include a definitive MWD or gyroscopic survey of the offset well 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 well, Operator shall perform a gyroscopic survey to verify the wellbore path. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>

Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400597974	FORM 2 SUBMITTED
400603533	WELL LOCATION PLAT
400603536	TOPO MAP
400606873	OffsetWellEvaluations Data
400606877	DEVIATED DRILLING PLAN
400606878	DIRECTIONAL DATA
400607559	LEGAL/LEASE DESCRIPTION
400608069	FED. DRILLING PERMIT

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator supplied a statement to say that the approved offsetting horizontal wellbore in the Niobrara will be plugged and abandoned after being used as a monitoring wellbore during the completion on the Federal GM 702RD-4-HN1.	7/23/2014 9:26:55 AM
Permit	Final review completed. No LGD comments.	7/23/2014 9:26:14 AM
Permit	Requested review of the statewide offset requirements for this APD as there doesn't appear to be a spacing order dealing with the Niobrara. Don't find a pending spacing order either. This pending Niobrara wellbore would be only 126' from an approved and drilled Niobrara wellbore.	7/23/2014 7:38:36 AM
LGD	pass, gdb	5/30/2014 8:55:21 AM
Engineer	THE PROPOSED 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 89 FEET DEEP. Evaluated existing offset wells within 1,500 feet of this wellbore. Wells are completed in the WFCM except for API#'s 045-20912 and 045-22051. API# 045-20912 is completed in the NBRR, no mitigation required. See COA's (4) and (5) regarding API#045-22051.	5/19/2014 10:05:13 AM
Permit	Passed completeness	5/14/2014 9:59:17 AM

Total: 6 comment(s)