

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:

400652662

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refiling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

08/27/2014

Well Name: Gregory

Well Number: #5-09H

Name of Operator: EE3 LLC

COGCC Operator Number: 10450

Address: 4410 ARAPAHOE AVENUE #100

City: BOULDER State: CO Zip: 80303

Contact Name: Ann Stephens

Phone: (303)928-7128

Fax: (303)218-5678

Email: regulatory@petro-fs.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130007

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 9 Twp: 7N Rng: 80W Meridian: 6

Latitude: 40.585258

Longitude: -106.387760

Footage at Surface: 202 feet FNL/FSL FSL 71 feet FEL/FWL FWL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 8118

County: JACKSON

GPS Data:

Date of Measurement: 09/12/2013 PDOP Reading: 1.3 Instrument Operator's Name: RAS

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

Footage at Top of Prod Zone: FNL/FSL FSL 610 FSL 610 FWL 610 FNL 1930 FWL
Sec: 9 Twp: 7N Rng: 80W Sec: 9 Twp: 7N Rng: 80W

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: 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.)

Township 7 North, Range 80 West of the 6th PM:
Section 4: Lot 2(41.06), Lot 3(40.80), Lot 4(40.53), SWNE, W/2SE, SESE, SW/4, S/2NW
Section 5: Lot 1(40.38), Lot 2(40.35), Lot 3(40.32), S/2NE, SE/4, E/2SW, SENW
Section 8: E/2, SW/4, E/2NW, SWNW
Section 9: All
Section 16: All
Section 17: N/2

Township 8 North, Range 80 West of the 6th PM:
Section 32: E/2SE, SWSE, SESW
Section 33: S/2 less ROW

Total Acres in Described Lease: 3664 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: 3020 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 408 Feet
Building Unit: 3944 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 3944 Feet
Railroad: 5280 Feet
Property Line: 5280 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: 4155 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 600 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

The nearest permitted or completed well in the same formation is 4155' to the east. API - 05-057-06495, Homestead #04-09H which is a permitted location for the Niobrara.

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	531-2	640	All

DRILLING PROGRAM

Proposed Total Measured Depth: 12448 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 2760 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: Commercial Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

The cuttings will be remediated onsite using EcoSponge. See detailed information of the "Operator Comments and Submittal" on the "SUBMIT" Tab.

Beneficial reuse or land application plan submitted? No

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	12+1/4	9+5/8	36	0	1400	900	1400	0
1ST	8+3/4	5+1/2	17	0	12448	1725	12448	0

☒ 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 APD is for a Horizontal well for EE3 that will be located in Section 9 of Township 7 North, Range 80 West.

The SHL is at 202 FSL, 71 FWL in Section 9, 7N80W.

The Landing point is at 610 FSL and 610 FWL in Section 9, 7N80W.

The BHL is at 610 FNL and 1930 FWL in Section 9, 7N80W.

EE3 LLC proposes to use Eco-Sponge for the treatment/remediation of drill cuttings within the confines of the Gregory #05-09H drilling pad. Onsite drilling personnel will oversee the application and management protocols (mixing, staking, etc.) of the cuttings/Eco-Sponge mixture in an area to be bermed along three sides.

The cuttings/Eco-Sponge mixture will be tested to determine compliance with COGCC regulations, including applicable Table 910-1 concentration levels. A commercial laboratory certified to perform the testing according to COGCC specified methods will be utilized. Once testing determines that the cuttings/Eco-Sponge mixture are determined "clean" and are compliant with COGCC regulations for disposal, then the cuttings will either be disposed of to an appropriate landfill, or left on location and spread to an even depth to be seeded during interim reclamation.

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: Ann L Stephens

Title: Regulatory Manager Date: 8/27/2014 Email: regulatory@petro-fs.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: 10/31/2014

Expiration Date: 10/30/2016

API NUMBER

05 057 06535 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

	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE. (2) PRODUCTION CASING (5-1/2" FIRST STRING) CEMENT SHALL EXTEND FROM THE PRODUCTION CASING SHOE TO 200' ABOVE THE SURFACE CASING SHOE TO PROVIDE FULL ISOLATION OF THE COALMONT FORMATION. PRODUCTION CASING (5-1/2" FIRST STRING) CEMENT COVERAGE VERIFICATION BY CBL IS REQUIRED.
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Best Management Practices

No	BMP/COA Type	Description
1	General Housekeeping	<p>Fence the well site after drilling to restrict public and wildlife access. Keep well site location, road and the pipeline easement free of noxious weeds, litter and debris.</p> <p>Spray for noxious weeds and implement dust control, as needed.</p> <p>Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land.</p> <p>Construct and maintain gates where any roads used by operator, its employees, or contractors cross through fences on the leased premises.</p>
2	Wildlife	<p>Where oil and gas activities must occur within the greater sage grouse leks or within other mapped greater sage grouse breeding or summer habitat, Operator will conduct these activities outside the period between March 1 and June 30.</p> <p>Restrict post development well site visitations to portions of the day between 9:00 am and 4:00 pm during the lekking season (March 1 to May 15).</p> <p>Use hospital grade mufflers for compressors, pump jacks or other motors necessary to run operations at the site. Mufflers will be pointed upward to dissipate potential vibration.</p> <p>Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads. Slow speeds and increased awareness among employees and contractors should lessen impacts to wildlife.</p> <p>Install and utilize bear-proof dumpsters and trash receptacles for all food-related trash on location, following COGCC Rule 1204.a.(1).</p>
3	Storm Water/Erosion Control	<p>Use water bars and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control storm water runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation.</p> <p>Co-locate gas and water gathering lines whenever feasible and mitigate any erosion problems that arise due to the construction of any pipeline(s).</p>
4	Construction	<p>Remove only the minimum amount of vegetation necessary for the construction of roads and facilities.</p> <p>Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation.</p> <p>No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.</p>
5	Noise mitigation	<p>The drill site is far enough away from any building units that noise mitigation will not be required.</p>
6	Drilling/Completion Operations	<p>A closed-loop drilling mud system will be used to preclude the use of an earthen reserve pit when available. Light Sources will likewise be directed downwards and away from occupied structures, where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.</p>
7	Interim Reclamation	<p>Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations.</p> <p>All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.</p>
8	Final Reclamation	<p>All surface restoration shall be accomplished to the satisfaction of Owner.</p> <p>All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.</p> <p>Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).</p>

Total: 8 comment(s)

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400652662	FORM 2 SUBMITTED
400656890	WELL LOCATION PLAT
400656894	DEVIATED DRILLING PLAN
400656898	DIRECTIONAL DATA
400676625	FORM 2 SUBMITTED

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	10/28/2014 11:12:21 AM
Permit	ON HOLD: w/o form 2A.	10/22/2014 10:59:37 AM
Permit	Opr reports that the building noted on the location drawing is a calving barn only used during April & May. Ready to pass pending public comment 9/24/14.	9/22/2014 3:51:30 PM
Engineer	PROPOSED SURFACE CASING OF 1400' WILL NOT PROVIDE FULL COVERAGE OF COALMONT FORMATION, BASED ON LOG TOPS IN OFFSET WELLS. COGCC CONCURS WITH OPERATOR'S PLAN TO CEMENT THE PRODUCTION CASING (5+1/2" FIRST STRING) INTO THE SURFACE CASING. MINIMUM CEMENT COVERAGE REQUIREMENTS ARE SPECIFIED IN CONDITION OF APPROVAL #2. THE PROPOSED SURFACE CASING IS MORE THAN 50 FEET 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 150 FEET DEEP. OFFSET WELL EVALUATION: THERE ARE NO EXISTING OIL & GAS WELLS WITHIN 1,500 FEET OF THIS PROPOSED WELLBORE.	9/22/2014 10:19:34 AM
Engineer	Changed "Distance to nearest permitted or existing wellbore penetrating objective formation, including plugged wells" from 4,155 feet (distance to permitted wellbore of Ray Ranch 7-21H [05-057-06531]) to 2,760 feet (approximate distance from this proposed wellbore to the permitted wellbore of Homestead 04-09H (05-057-06495)).	9/22/2014 10:02:47 AM
Permit	Requested that opr identify the building at 408'.	9/18/2014 10:02:07 AM
Permit	Passed completeness. Ann L Stephens designated agent.	9/3/2014 9:38:31 AM
Permit	Kristi is not on the authorized agent list for EE3 LLC.	8/29/2014 1:18:57 PM

Total: 8 comment(s)