

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:

400689468

APPLICATION FOR PERMIT TO:

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

Date Received:

09/26/2014

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

Well Name: La Plata 34-7

Well Number: 33 #1

Name of Operator: COLEMAN OIL & GAS INC

COGCC Operator Number: 18160

Address: PO BOX 3337

City: FARMINGTON

State: NM

Zip: 87499

Contact Name: Michael Hanson

Phone: (505)327-0356

Fax: (505)327-9425

Email: mhanson@cog-fmn.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 33 Twp: 34N Rng: 7W Meridian: M

Latitude: 37.140810

Longitude: -107.607640

Footage at Surface: 232 feet FNL/FSL FSL 749 feet FEL/FWL FEL

Field Name: IGNACIO BLANCO

Field Number: 38300

Ground Elevation: 6724

County: LA PLATA

GPS Data:

Date of Measurement: 09/26/2013 PDOP Reading: 2.2 Instrument Operator's Name: Scott Weibe

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 1299 FEL 728 FSL 1387 FEL
 Sec: 33 Twp: 34N Rng: 7W Sec: 33 Twp: 34 Rng: 7W

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.)

T34N R7W Sec. 33: SE/4SW/4, SE/4; Sec. 34: W/2SW/4, SE/4SW/4

Total Acres in Described Lease: 320 Described Mineral Lease is: ☐ Fee ☐ State ☐ Federal ☒ Indian

Federal or State Lease # 14-20-151-54

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 728 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 520 Feet

Building Unit: 533 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 209 Feet

Above Ground Utility: 293 Feet

Railroad: 5280 Feet

Property Line: 215 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: 06/17/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 2240 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 660 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.)
FRUITLAND COAL	FRLDC	112-190	320	S/2

DRILLING PROGRAM

Proposed Total Measured Depth: 3282 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1816 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 608

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Commercial Disposal

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
SURF	12+1/4	9+5/8	36#	0	489	230	489	0
1ST	8+3/4	7+0/0	263	0	3282	390	3282	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 well will be developing Indian minerals under fee lands. Extensive discussions with the surface owner were conducted prior to the signing of the SUA. The Surface owner has waived requirements under Rule 604.a(2). (see attached waiver).

For BMP's please see Federal Drilling Permit package.

Please copy me on any/all correspondence with Operator.

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

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? _____ No

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

Signed: _____ Print Name: Robert D. Joyce

Title: Agent Date: 9/26/2014 Email: jlr@animas.net

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

05 067 09916 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

	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>A one (1) mile radius of investigation of all offsetting fresh water wells in relation to the proposed gas well, determined that the deepest surface casing required to protect the aquifers is a depth of 489' (includes a 50' margin of additional protection). The operator has proposed a depth of 400' which is 89' less than the minimal requirement. The setting depth for the surface casing on the permit has been revised to a depth of 489'. The surface casing on the proposed well will be cemented to surface. The production casing on the proposed gas well will also be cemented to surf. This will serve two purposes (1) it will isolate and confine all hydrocarbon and brackish waters to their respective zones and (2) it will provide double protection for the fresh water aquifers which includes two concentric (2) steel casing strings and two concentric external (2) cement sheaths extending from total depth to surface.</p> <p>An email was sent to the operator to alert them of the change in surface casing setting depth</p>
	<p>1) Provide 48 hour notice of spud to COGCC via form 42</p> <p>2) Set at least 489' of surface casing per Rule 317 (f) cement to surface</p>

Best Management Practices

No BMP/COA Type

Description

1	Planning	This proposed well is on Fee surface under an Indian lease and a permit application has been submitted to the Bureau of Land Management. For BMP's please see attached Federal Drilling Permit
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Total: 1 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num

Name

1857510	SELECTED ITEMS REPORT
2519343	DEVIATED DRILLING PLAN
400689468	FORM 2 SUBMITTED
400689565	WAIVERS
400695051	OTHER
400695065	DRILLING PLAN
400695076	FED. DRILLING PERMIT
400696102	WELL LOCATION PLAT

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	10/31/2014 8:31:18 AM
Permit	Top of production footage offset barely meets unit requirements.	10/31/2014 8:28:03 AM
Permit	Right to construct is a surface use agreement. Surface use agreement is within the list of Fed permit attachments. The surface agreement was signed June 13, 2013 so exception location can be checked per Rule 604.b.2. Surface owner signed waiver to buffer zone notifications and meetings. Form 2A not required in on tribal minerals.	9/30/2014 1:44:16 PM
Permit	Operator did not complete the form. Deviated drilling information was hand entered by COGCC so directional data would plot on GIS mapping system.	9/30/2014 1:42:43 PM
Permit	Passed Completeness	9/29/2014 1:22:18 PM

Total: 5 comment(s)