

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:

400711161

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:

10/21/2014

Well Name: WRD Federal

Well Number: 30-34

Name of Operator: KOCH EXPLORATION COMPANY, LLC

COGCC Operator Number: 49100

Address: 950 17TH STREET #1900

City: DENVER

State: CO

Zip: 80202

Contact Name: Todd Spivey

Phone: (303)217-4493

Fax: (303)217-9111

Email: tspivey@epgaz.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 29 Twp: 2N Rng: 96W Meridian: 6

Latitude: 40.111261

Longitude: -108.195594

Footage at Surface: 2007 feet FNL/FSL FSL 752 feet FEL/FWL FWL

Field Name: WHITE RIVER

Field Number: 92800

Ground Elevation: 5980

County: RIO BLANCO

GPS Data:

Date of Measurement: 04/21/2014 PDOP Reading: 1.4 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 FSL 1980 660 FEL FEL 1980 660 FEL
Sec: 30 Twp: 2N Rng: 96W Sec: 30 Twp: 2N Rng: 96W

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: No

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.)

SE 1/4 Sec. 30, T2N-R96W, 6th PM

Total Acres in Described Lease: 160 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COD0037933

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 660 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2266 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 1249 Feet
Above Ground Utility: 1249 Feet
Railroad: 5280 Feet
Property Line: 3759 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: 1295 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| MESAVERDE | MVRD | | | |
| WILLIAMS FORK-ILES | WFILS | | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 8129 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1295 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: Cuttings trench

Other Disposal Description:

Cuttings will be tested per COGCC standards, if they pass, the cuttings will be buried a minimum depth of 3' and covered with clean fill. Cuttings above the 910-1 levels will be amended onsite until they are below the standards.

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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 24 | 20 | 94 | 0 | 60 | | | |
| SURF | 16 | 13+3/8 | 54.5 | 0 | 250 | 140 | 250 | 0 |
| 1ST | 12+1/4 | 8+5/8 | 36 | 0 | 1100 | 500 | 1100 | 250 |
| 2ND | 7+7/8 | 5+1/2 | 17 | 0 | 8128 | 950 | 8128 | 1100 |

☐ 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 Open hole logs will be run, evaluated and submitted to the COGCC. No OGLA letter required, BLM surface. BLM NOS submitted 9/4/2014. BLM onsite completed 9/24/2014.

This Form 2 replaces the original Form 2 submitted as Document # 400432535, which has been withdrawn.

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

Location ID: 336392

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: Todd Spivey

Title: Agent Date: 10/21/2014 Email: tspivey@epgaz.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: 11/18/2014

Expiration Date: 11/17/2016

API NUMBER

05 103 12170 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) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.

(2) Operator shall provide cement coverage from the production casing shoe (4+1/2" First String) to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.

Best Management Practices

| No | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--|---|
| 1 | Wildlife | 1. Where drilling and completion activities must occur in mule deer critical winter range, conduct these activities outside the time period from December 1 through April 15, unless an approval is granted by the BLM authorized officer. 2. Restrict work-over rig activities to between the hours of 10:00 am and 3:00 pm from December 1 to April 15 when possible, to accommodate mule deer critical winter range, unless an approval is granted by the BLM authorized officer. 3. Concentrate post-development water truck delivery trips to between the hours of 10:00 am and 3:00 pm from December 1 to April 15 when possible to accommodate mule deer critical winter range. 4. Follow company guidelines to minimize wildlife mortality from vehicle collisions on roads. |
| 2 | Storm Water/Erosion Control | A Master Stormwater Management Plan, as required by the CDPHE, is in place for the White River Dome field and includes the subject location. The plan details BMPs related to storm water management and erosion control that will be implemented during construction and interim reclamation. A Post-Constriction Stormwater Plan is in place and will be implemented after interim reclamation is complete. |
| 3 | Material Handling and Spill Prevention | Koch Exploration Company (KEC) operates certain natural gas production wells in Rio Blanco County, Colorado that are subject to SPCC planning and requirements because they have oil storage capacity greater than 1,320 gallons (approximately 31 bbls). For those wells that meet or exceed the threshold storage requirements (referred to henceforth as the "SPCC Wells") KEC is required to develop and implement an SPCC plan. This field wide SPCC Plan has been developed for the KEC SPCC wells that together are referred to as the Rio Blanco County Well Sites, Colorado in response to the regulations listed above. |
| 4 | Drilling/Completion Operations | Koch Exploration Company will comply with the most current revision of the Northwest Colorado Notification Policy. |

Total: 4 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> |
|---------------------------|------------------------|
| 400711161 | FORM 2 SUBMITTED |
| 400711254 | SURFACE PLAN |
| 400711260 | WELL LOCATION PLAT |
| 400711262 | DEVIATED DRILLING PLAN |
| 400729992 | DIRECTIONAL DATA |

Total Attach: 5 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|--------------------------|
| Permit | Final review complete. | 11/18/2014 7:04:12 AM |
| Engineer | Revised casing tab per email received from operator. | 11/12/2014 3:53:51 PM |
| Permit | Attached Xcel data shet as per opr. Ready to pass. | 11/12/2014 2:53:30 PM |
| Engineer | Emailed operator with questions regarding casing design and information entered on form. Offset wells within 1500 feet of the portion of the wellbore planned for completions target the Williams Fork or shallower formations. No mitigation required. There are no existing water wells within one mile of the surface location. A dry 300' deep water well was drilled then abandoned and a 31' deep monitoring hole was drilled within one mile. | 11/5/2014 4:44:25 PM |
| Permit | Removed Ant Hill Unit, and distance to unit boundary from Spacing & formaitons tab as per opr. 400432535 Doc was withdrawn 10/22/14; comment corrected as per opr. Requested Xcel data sheet of Deviated Drilling Plan. Sent OIT Help Desk note - data loaded but attachment not here. | 10/29/2014 9:46:59 AM |
| Permit | Passed Completeness | 10/27/2014 9:27:44 AM |

Total: 6 comment(s)