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: 400702543

Date Received: 10/10/2014

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☐ OTHER UIC

Refiling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: NGL Well Number: C5

Name of Operator: NGL WATER SOLUTIONS DJ LLC COGCC Operator Number: 10373

Address: 3773 CHERRY CRK NORTH DR #1000

City: DENVER State: CO Zip: 80209

Contact Name: Paul Gottlob Phone: (720)420-5747 Fax: ( )

Email: paul.gottlob@iptenergyservices.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20110128

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 29 Twp: 2N Rng: 64W Meridian: 6

Latitude: 40.102965 Longitude: -104.582798

Footage at Surface: 234 feet FNL/FSL FSL 403 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4937 County: WELD

GPS Data:

Date of Measurement: 10/03/2014 PDOP Reading: 2.2 Instrument Operator's Name: Bradley Laman

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

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

Sec: Twp: Rng: Sec: Twp: Rng:

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: (check all that apply)

☐ is the mineral owner beneath the location.
☐ 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: applicant is owner

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.)

There is no lease as there are no minerals applicable to the wellbore.

Total Acres in Described Lease: _____ 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: _____ Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	505	Feet
Building Unit:	505	Feet
High Occupancy Building Unit:	5280	Feet
Designated Outside Activity Area:	5280	Feet
Public Road:	220	Feet
Above Ground Utility:	205	Feet
Railroad:	1437	Feet
Property Line:	234	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: 09/05/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 5280 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.)
Admire	ADMI			
AMAZON	AMZN			
ATOKA	ATOK			
COUNCIL GROVE	COUGR			
DES MOINES	DSMS			
FOUNTAIN	FNTN			
LOWER SATANKA	LSTKA			
LYONS	LYNS			
MISSOURI	MSSR			
MORROW	MRRW			
VIRGIL	VRGL			
WOLFCAMP	WFCMP			

DRILLING PROGRAM

Proposed Total Measured Depth: 10640 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 5280 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H_2S 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: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

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	1000	267	1000	0
1ST	8+3/4	7	26	0	8782	123	8782	7407
1ST LINER	6+1/8	4+1/2	11.6	8700	10640			
			Stage Tool		7407	691	7407	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 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: Paul Gottlob

Title: Regulatory& Engin. Tech. Date: 10/10/2014 Email: paul.gottlob@iptenergyservices

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: 11/20/2014

Expiration Date: 11/19/2016

API NUMBER

05 123 40645 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) Note surface casing depth change from 950' to 1000'. Increase cement volumes accordingly. 2) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 3) Comply with Rule 317.j and provide cement coverage from end of 7" casing to surface.
	1.Daily drilling reports are required. 2.CBL of the 1st and 2nd (if present) Casing Strings required. 3.A Mudlog is required containing at least the following information: a. Rate of Penetration Log and b. Location of any drilling breaks or zones of lost circulation. 4.A static water level taken after perforation in cased wells and prior to any stimulation in either cased or open-hole wells. 5.Prior approval of Form 4 Sundry Notice is required for Step Rate and Injectivity Tests. 6.Retrieve water sample(s) from injection zone(s) before stimulating formation, Step Rate Test, or Injectivity Test. 7.A Transient Injectivity Test is required to determine the Maximum Daily Injection Rate in barrels per day (bbls/day). 8.A Transient Injectivity Test or a Step Rate Test is required to determine the Maximum Injection Pressure in pounds per square inch (psi). 9.Operators are required to install a seismometer at a location to be determined by the operator and COGCC from which seismic activity in the vicinity of the injection well can be monitored. The operator will be responsible for maintenance of the seismometer. Data gathered by the seismometer will be made available to one or more third parties (such as the USGS, CU-Boulder, CSM, or CSU) for analysis. 10.Injection is not authorized until approval of Forms 31 and 33. 11. All formation tops with no gaps from surface to TD to be provided on Form 5. Operator may determine which formations are present, but stratigraphy must extend from surface to TD.

Best Management Practices

No	BMP/COA Type	Description
1	Material Handling and Spill Prevention	Load-lines. All load-lines shall be bull-plugged or capped.
2	Noise mitigation	If determined necessary, lighting abatement measures shall be implemented, including the installation of lighting shield devices on all of the more conspicuous lights, low density sodium lighting where practicable; and rig shrouding is not believed necessary as this is an industrial area and the only building unit within 1,000' is owned by the operator, however, at its election the operator may install temporary engineering controls consisting of perimeter sound walls during drilling and completion activities to provide noise relief. Permanent equipment on location shall be muffled to reduce noise, or shall be appropriately buffered.
3	Drilling/Completion Operations	Green Completions – No hydrocarbons anticipated – NA.
4	Drilling/Completion Operations	Blowout preventer equipment (“BOPE”). A double ram and annular preventer will be used during drilling. At least the drilling company shall have a valid well blowout prevention certification. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.
5	Drilling/Completion Operations	Drill stem tests. Not applicable; no Drill Stem tests are planned.
6	Drilling/Completion Operations	Well will be logged with an open hole logging tool with gamma ray. A CBL will be run on all production casing or, in the case of a production liner, the intermediate casing, when these casing strings are run.
7	Drilling/Completion Operations	Control of fire hazards. All materials which are considered fire hazards shall be a minimum of 25’ from the wellhead tanks or separators. Electrical equipment shall comply with API RP 500 and will comply with the current national electrical code. An emergency response plan has been generated for this site. No CBL over slotted liner completion.
8	Drilling/Completion Operations	Guy line anchors. All guy line anchors shall be brightly marked pursuant to Rule 604.c (2)Q.
9	Drilling/Completion Operations	Logging – A resistivity log, run from the bottom of the surface casing to total depth of the disposal well or wells or any well within one (1) mile together with a log from that well that can be correlated with the injection well. If the disposal well is to be drilled, a description of the typical stratigraphic level of the disposal formation in the disposal well or wells, and any other available logging or testing data, on the disposal well or wells will be supplied.
10	Final Reclamation	Well site cleared. Within 90-day subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site. Plugged and abandoned wells will be identified. P&A’d wells shall be identified pursuant to 319.a.(5).
11	Underground Injection Control	Formation Water, Mechanical Integrity, & Step Rate Tests will be done prior to approval to inject.

Total: 11 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400702543	FORM 2 SUBMITTED
400703907	OffsetWellEvaluations Data
400703909	WELL LOCATION PLAT

Total Attach: 3 Files

General Comments

User Group	Comment	Comment Date
Permit	Final Review Completed. No LGD or public comment received.	11/18/2014 3:56:08 PM
Engineer	Offset wells evaluated.	11/18/2014 11:46:46 AM
Permit	ok to pass.	11/4/2014 12:44:48 PM
Permit	Passed Completeness	10/14/2014 11:35:15 AM
Permit	Return to draft as per operator's request.	10/10/2014 2:04:40 PM

Total: 5 comment(s)