

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:

400533967

APPLICATION FOR PERMIT TO:

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

Date Received:

04/30/2014

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

Well Name: FEDERAL

Well Number: RGU 312-26-198

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: ANGELA NEIFERT-KRAISER Phone: (303)606-4398 Fax: (303)629-8268

Email: ANGELA.NEIFERT-KRAISER@WPXENERGY.COM

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: LOT 6 Sec: 26 Twp: 1S Rng: 98W Meridian: 6

Latitude: 39.936444

Longitude: -108.363903

Footage at Surface: 1984 feet FNL/FSL FNL 1565 feet FEL/FWL FWL

Field Name: SULPHUR CREEK

Field Number: 80090

Ground Elevation: 6668

County: RIO BLANCO

GPS Data:

Date of Measurement: 09/18/2013 PDOP Reading: 1.9 Instrument Operator's Name: J KIRKPATRICK

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

 1849 FNL 709 FWL 1849 FNL 709 FWL
 Sec: 26 Twp: 1S Rng: 98W Sec: 26 Twp: 1S Rng: 98W

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.)

T1S R98W

SEC. 23: LOTS 1 (38.67, NE/4NE/4), 2 (38.70, NW/4NE/4), 3 (38.74, NE/4NW/4), 4 (38.73, NW/4NW/4), 5 (38.80, SW/4NW/4), 6 (38.80, SE/4NW/4), 7 (38.75, SW/4NE/4), 8 (38.72, SE/4NE/4), 9 (38.77, NE/4SE/4), 10 (38.77, NW/4SE/4), 11 (38.84, NE/4SW/4), 12 (38.85, NW/4SW/4), 13 (38.93, SW/4SW/4), 14 (38.93, SE/4SW/4), 15 (38.83, SW/4SE/4), 16 (38.82, SE/4SE/4) [ALL]

SEC. 26: LOTS 2 (38.94, NW/4NE/4), 3 (38.99, NE/4NW/4), 4 (39.02, NW/4NW/4), 5 (38.97, SW/4NW/4), 6 (38.94, SE/4NW/4), 7 (39.05, SW/4NE/4), 8 (39.03, SE/4NE/4), 9 (39.11, NE/4SE/4), 10 (39.13, NW/4SE/4), 11 (38.88, NE/4SW/4), 12 (38.88, NW/4SW/4), 13 (38.86, SW/4SW/4), 14 (38.85, SE/4SW/4), 15 (39.12, SW/4SE/4), 16 (39.19, SE/4SE/4) [NW/NE/4, S/2NE/4, NW/4, S/2]

Total Acres in Described Lease: 1205 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC60732

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 709 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1088 Feet
Building Unit: 1088 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 1863 Feet
Above Ground Utility: 1093 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: 325 Feet

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

Federal or State Unit Name (if appl): Ryan Gulch Unit Unit Number: 068239X

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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| ILES | ILES | | | |
| WILLIAMS FORK | WMFK | | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 12413 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 325 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:

WMP attached to 2A.

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 | 30 | 18 | 48 | 0 | 80 | 30 | 80 | 0 |
| SURF | 14+3/4 | 9+5/8 | 36 | 0 | 3933 | 1428 | 3933 | 0 |
| 1ST | 8+3/4 | 4+1/2 | 11.6 | 0 | 12413 | 1265 | 12413 | 7443 |

☐ 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

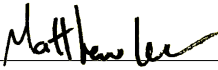
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: ANGELA NEIFERT-KRAISER

Title: REGULATORY SPECIALIST Date: 4/30/2014 Email: ANGELA.NEIFERT-_____

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: 12/16/2014

Expiration Date: 12/15/2016

API NUMBER

05 103 12184 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. |
| | (1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. (2) PROVIDE CEMENT COVERAGE FROM THE PRODUCTION CASING (4+1/2" FIRST STRING) SHOE TO A MINIMUM OF 200 FEET ABOVE ALL MESAVERDE GROUP (AND OHIO CREEK, 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 | BMP/COA Type | Description |
|-----------|--------------------------------|---|
| 1 | Planning | <ul style="list-style-type: none"> * Minimize newly planned activities and operations within 300 feet of the ordinary high water mark of any reservoir, lake, wetland, or natural perennial or seasonally flowing stream or river. * Locate roads outside of drainages where possible and outside of riparian habitat. * Minimize the number, length, and footprint of oil and gas development roads * Use existing roads where possible * Combine utility infrastructure (gas, electric, and water) planning with roadway planning to avoid separate utility corridors * Combine and share roads to minimize habitat fragmentation * Where possible, consolidate pipeline and existing roadways, or roadways that are planned for development * Maximize the use of directional drilling to minimize habitat loss/fragmentation * Maximize use of remote completion/frac operations to minimize traffic * Maximize use of remote telemetry for well monitoring to minimize traffic |
| 2 | Drilling/Completion Operations | <ul style="list-style-type: none"> * Use centralized hydraulic fracturing operations. * Install and maintain adequate measures to exclude all types of wildlife (e.g., big game, birds, and small rodents) from all fluid pits (e.g., fencing, netting, and other appropriate exclusion measures). * Conduct well completions with drilling operations to limit the number of rig moves and traffic. |
| 3 | Interim Reclamation | <ul style="list-style-type: none"> * Remove well pad and road surface materials that are incompatible with post-production land use and re-vegetation requirements * Use only certified weed-free native seed in seed mixes, except for non-native plants that benefit wildlife * WPX Energy will use certified, weed free grass hay, straw, hay or other mulch materials used for the reseeding and reclamation of disturbed areas. * Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents and openings. * Reduce visits to well-sites through remote monitoring (i.e. SCADA) and the use of multi-function contractors. * Avoid dust suppression activities within 300 feet of the ordinary high water mark of any reservoir, lake, wetland, or natural perennial or seasonally flowing stream or river where possible. |

Total: 3 comment(s)

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|--------------------|------------------------|
| 400533967 | FORM 2 SUBMITTED |
| 400599027 | DIRECTIONAL DATA |
| 400599029 | DEVIATED DRILLING PLAN |
| 400599031 | FED. DRILLING PERMIT |
| 400599036 | WELL LOCATION PLAT |
| 400599042 | ACCESS ROAD MAP |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------------|
| Permit | Oper. agreed to delete comment regarding cuttings disposal, add "WMP attached to 2A" and change method to "cuttings trench" to agree with 2A. | 12/12/2014 12:35:24 PM |
| Permit | Form 2A back in process. See form 2A for withdrawal of objection by Natural Soda. Final review complete. | 12/9/2014 2:44:10 PM |
| Permit | Form 2A ON HOLD for Natural Soda issue. | 7/17/2014 11:15:41 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. THERE ARE NO WATER WELLS INTENDED FOR NON-INDUSTRIAL PURPOSES WITHIN 1-MILE OF THE SURFACE LOCATION. DRILLING PLAN SHOWS PLANNED SURFACE CASING DEPTH EXTENDS BELOW GREEN RIVER FORMATION. Evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required. | 5/6/2014 1:20:43 PM |
| Permit | Passed completeness. Distance to nearest building unit was greater than 1000 ft so Buffer Zone was unchecked and waiver was removed as per operator's request. | 5/5/2014 10:58:16 AM |

Total: 5 comment(s)