

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
02/10/2015

TYPE OF WELL OIL GAS COALBED OTHER _____ Refilling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES Sidetrack

Well Name: Nelson-Stromquist Well Number: #11-21-13H

Name of Operator: K P KAUFFMAN COMPANY INC COGCC Operator Number: 46290

Address: 1675 BROADWAY, STE 2800

City: DENVER State: CO Zip: 80202

Contact Name: Bill Yokley Phone: (303)814-0910 Fax: ()

Email: byokley@kpk.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010023

WELL LOCATION INFORMATION

QtrQtr: NESW Sec: 21 Twp: 2N Rng: 68W Meridian: 6

Latitude: 40.122215 Longitude: -105.010340

Footage at Surface: 1941 feet FNL/FSL FSL 2059 feet FEL/FWL FWL

Field Name: SPINDLE Field Number: 77900

Ground Elevation: 4897 County: WELD

GPS Data:
Date of Measurement: 11/23/2010 PDOP Reading: 6.0 Instrument Operator's Name: Kipper Goldsberry

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

1660 FSL 1749 FWL 810 FSL 810 FWL

Sec: 21 Twp: 2N Rng: 68W Sec: 21 Twp: 2N Rng: 68W

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.)

SW/4 Section 21-T2N-R68W

Total Acres in Described Lease: 160 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: 810 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 603 Feet
Building Unit: 880 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 212 Feet
Above Ground Utility: 258 Feet
Railroad: 5280 Feet
Property Line: 1941 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: 01/22/2015

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1668 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.)
SUSSEX	SUSX		160	SW/4

DRILLING PROGRAM

Proposed Total Measured Depth: 5925 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 245 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Land application

Cuttings Disposal: OFFSITE 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	30	0	900	350	900	0
1ST	8+3/4	7	26	0	4686	325	4686	0
2ND	6+1/8	4+1/2	11.6	0	5925	200	5857	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 is a refile of a permit approved on 06/09/2011, (document # 400117497). There have been no changes in land use. Distance to nearest well permitted/completed in same formation is different than previous Form 02 and the distance to nearest building, public road, above ground utility is different than previous Form 02 as well. Location ID: 336214. No conductor casing will be used in drilling this well. There have been no changes in land use. I certify that there have been no changes on land use or lease description. The pad has been built. The pit will not be used. There will be no additional surface disturbance from originally approved permit. The location does not require a variance from any of the rules listed in Rule 306.d.(1).(ii). The location is not within a wildlife Restricted Surface Occupancy Area. There are three producers on this location.

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

Location ID: 336214

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: Susanna Lara-Mesa

Title: VP Engineering Date: 2/10/2015 Email: slaramesa@kpk.com

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: _____

Expiration Date: _____

API NUMBER

05 123 33610 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.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	General Housekeeping	Housekeeping will consist of neat and orderly storage of materials and fluids. Wastes will be temporarily stored in sealed containers and regularly collected and disposed of at offsite suitable facilities according to WMP. If spills occur prompt cleanup is required to minimize any commingling of waste materials with stormwater runoff. Routine maintenance will be limited to fueling and lubrication of equipment. Drip pans will be used during routine fueling and maintenance to contain spills or leaks. Any waste product from maintenance will be containerized and transported offsite for disposal at a certified facility. There will be no major equipment overhauls conducted onsite. Equipment will be transported offsite for major overhauls. Cleanup of trash and discarded materials will be conducted at the end of each workday. Cleanup will consist of patrolling the roadway, access areas, and other work areas to pick up trash, scrap debris, other discarded materials, any contaminated soil, and dust control on location. Materials will be disposed of properly. KPK will maintain the facility clean of trash, debris, scrap, or discarded material and will dispose of it in a legal manner.

2	Storm Water/Erosion Control	Storm water Management Plan (SWMP) will be in place to address construction, drilling and operations associated with oil and gas development throughout the state of Colorado in accordance with Colorado Department of Public Health and Environment (CDPHE) General Permit rules. BMP's used will vary according to location, and will remain in place until the pad reached final reclamation.
3	Material Handling and Spill Prevention	Spill Prevention Control and countermeasure plan (SPCC) is in place to address construction, drilling and operations associated with oil and gas development throughout the state of Colorado in accordance with CFR 112.
4	Drilling/Completion Operations	Pre-Spud Anti-collision Prior to drilling operations, operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to the COGCC with the Form 5.
5	Drilling/Completion Operations	During and Post Stimulation K.P. Kauffman, Inc. will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. At least 90 days prior to fracture stimulation, the Operator shall notify all operators of non-operated wells within 1500' of the wellbore to be fracture stimulated of the anticipated stimulation date and the recommended best management practice to shut-in all wells within 1500' of the stimulated wellbore completed in the same formation. The Operator will monitor bradenhead pressure of all wells under Operator's control within 300 feet of the well which is to be treated, provided such other wells penetrate the productive zone which is to be treated.
6	Dust control	In order to minimize fugitive dust, KPK has a reduced speed limitation within the facility and has regular road maintenance scheduled.
7	Construction	Secondary containment will be built with steel berms and liner for flood control. Location will be built sloped in the opposite direction of the river. Containment berms will be placed around location. Production facilities will be built 3 ft above ground level for flood protection. A berm will be built upstream of the well heads and the access road for flood protection. Secondary containment will be built with earthen berms and liner for flood control.
8	Noise mitigation	All equipment and trucks used to construct the well pad will be registered and equipped with noise suppression mufflers Mufflers will be installed on all equipment during drilling and completion operations to minimize engine noise. Given the distance from the well location to the nearest receptor, a noise barrier will be installed around the interim pad. Production activities that are known to produce higher than normal noise levels, will be carried out during the day in order to minimize disturbance to neighboring houses.
9	Emissions mitigation	A leak detection plan will be filed with the CDPHE based on current regulations and the facility will be inspected during daily pumper visits to minimize any releases.
10	Odor mitigation	KPK will operate the facility in compliance with CDPHE's Air Quality Control Commission following SOP attached. This facility has emission control units.

Total: 10 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400506008	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Casing depth differs by 68'. Return to draft.	2/11/2015 2:49:12 PM

Total: 1 comment(s)

