



**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.)

W1/2 of Sec 10 and the SWSE of Sec 10, 27S 70W and lands in other sections.

Total Acres in Described Lease: 1640 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC010646

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 59 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 4746 Feet

Building Unit: 4836 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 4040 Feet

Above Ground Utility: 960 Feet

Railroad: 5280 Feet

Property Line: 395 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: 1025 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 800 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Sheep Mountain Unit Number: 047683X

**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.)
DAKOTA	DKTA			
ENTRADA	ENRD			

**DRILLING PROGRAM**

Proposed Total Measured Depth: 10226 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1025 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S Drilling Operations Plan)



## 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 OXY USA Inc. is proposing to drill two CO2 wells from an existing pad, the 6-4-I pad, COGCC location # 334553. The existing location will be expanded to accommodate the two proposed wells. The COGCC GIS map indicates there are three pad location numbers for the location in question: 324499, 333353 and 334553. A Form 4 Sundry Notice has been submitted, document #400755420, to consolidate the locations into one location number of #334553.

There are six producing wells on the location:  
Well Name API Location #  
2-9-H 05-055-06057 324499  
6-9-B 05-055-06075 333353  
5-9-A 05-055-06073 333353  
3-4-O 05-055-06065 334553  
4-4-P 05-055-06072 334553  
7-9 05-055-06031 334553

The pad lies on private (fee) surface. The proposed 6-4-I well will pass through BLM minerals and bottom hole in fee minerals. The proposed production will be obtained from both BLM and fee minerals. The proposed 1-3-M well will reach into and bottom hole in Federal minerals. The BHLs for both wells lie within an Exploratory Unit. All access roads, pipelines and production facilities are existing, with the exception of an approximate 150' pad access road and a new flowline for the two proposed wells.

OXY will provide appropriate housing for essential personnel in order to conduct safe, efficient drilling operations at this site.

A closed-loop system will be utilized.

The nearest building to the proposed wells is the compressor building located on the original pad footprint. The next closest building is a house located 4,970' away, which is the distance used for the Cultural Distance Information on the Form 2 and Form 2A.

Surface owner consultation: All communication with the surface owner is to be routed through the surface owner's representative. An invitation was extended to the surface owner on Nov. 11, 2014, for a pre-consultation meeting/visit. Her attorney responded that the surface owner's schedule will not allow the surface owner to attend. A second invitation was extended requesting alternate dates and no response was received. Per the BLM, they also sent an invitation to the surface owner to attend the on-site Notice of Staking/pre-consultation meeting and no response was received. The surface owner recently acquired a new representative and a request for a surface owner consultation was received by OXY on January 9, 2015. Arrangements are being made for the surface owner consultation.

The proposed pad extension lies within a black bear area; the OXY BMP for black bear wildlife is attached. The CPW consultation occurred on 12/8/2014 via email to Brett Ackerman.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 334553

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: Joan Proulx

Title: Regulatory Date: 1/14/2015 Email: joan\_proulx@oxy.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: 4/3/2015

Expiration Date: 04/02/2017

<b>API NUMBER</b>
05 055 06320 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.

<u>COA Type</u>	<u>Description</u>
	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. A CBL log shall be run to surface. At a minimum another cased hole log shall be run on wells not logged with an open hole log.
	<ol style="list-style-type: none"> <li>1) Provide 48 hour notice prior to spud via electronic Form 42.</li> <li>2) Do not use oil base mud until after surface casing is set and then use closed loop system.</li> <li>3) Ensure cement coverage of production casing to 200' above Dakota. Verify coverage with cement bond log.</li> <li>4) If dry hole set the following plugs: 40 sks cement 50' above the Entrada, 40 sks cement 50' above the Dakota, 90 sks cement from 50' below to 50' above surface casing shoe, 40 sks cement at top of surface casing, cut casing 4-ft below GL, weld on plate, 5 sks cement in rat hole and mouse hole.</li> <li>5) Run and submit Directional Survey from TD to base of surface casing.</li> </ol>

### Best Management Practices

<u>No BMP/COA Type</u>	<u>Description</u>

### Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2519668	SURFACE AGRMT/SURETY
400764728	FORM 2 SUBMITTED
400764984	MINERAL LEASE MAP
400764987	TOPO MAP
400764988	DEVIATED DRILLING PLAN
400764990	DEVIATED DRILLING PLAN
400764991	DIRECTIONAL DATA
400770153	WELL LOCATION PLAT
400770462	DRILLING PLAN
400770817	FED. DRILLING PERMIT

Total Attach: 10 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	4/3/2015 7:10:36 AM
Permit	Changed distance from wellhead to nearest building to 4746 feet based on the Location Drawing and Oglra review of the from 2A. Changed distance from wellhead to nearest Building Unit to 4836 feet based on the Location Drawing and Oglra review of the from 2A. Changed distance to Unit boundary based on COGCC GIS map.	4/3/2015 7:09:48 AM
Permit	Distance from another well is measured from the bottom hole location of the Sheep Mountain Unit 5-9-A. Changed from 191' to 1025'. Changes as a result of the top of production setback change.	2/5/2015 12:19:06 PM
Permit	Productive portion of the well falls in FED lease (COC10646). Top of poduction footage setback changed to reflect info presented in the deviated drilling plan regarding target #1. Distance to lease line changed to 59' based upon new top of production. Changed from 485'.	2/5/2015 12:11:58 PM
Permit	Attached Surface Use Agreement.	2/5/2015 12:03:56 PM
Engineer	Asked operator about cement tops for int and prod csgs. Operator (N.Vega) called back, reviewed 9-point drilling plan. TOC on 7" is surf.	2/4/2015 10:29:44 AM
Permit	Passed completeness.	1/20/2015 10:11:19 AM

Total: 7 comment(s)