

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:

400850269

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☒

Date Received:

06/08/2015

Well Name: BAT

Well Number: 3N1-9HZX

Name of Operator: KERR MCGEE OIL & GAS ONSHORE LP

COGCC Operator Number: 47120

Address: P O BOX 173779

City: DENVER

State: CO

Zip: 80217-3779

Contact Name: Ronett Powers

Phone: (720)929-6759

Fax: (720)929-7759

Email: ronett.powers@anadarko.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010124

WELL LOCATION INFORMATION

QtrQtr: SESW Sec: 9 Twp: 1N Rng: 65W Meridian: 6

Latitude: 40.060444

Longitude: -104.669184

Footage at Surface: 620 feet FNL/FSL FSL 2603 feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4930

County: WELD

GPS Data:

Date of Measurement: 09/25/2014 PDOP Reading: 2.0 Instrument Operator's Name: BART PFEIFER

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

Footage at Top of Prod Zone: FNL/FSL FSL 1769 FWL 465 FNL 1752 FWL
Sec: 9 Twp: 1N Rng: 65W Sec: 9 Twp: 1N Rng: 65W

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: 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.)

Township 1 North, Range 65 West, 6th P.M.
Section 9: NW/4 and that part of SW/4 lying West of Beebe Canal
Weld County, Colorado

Total Acres in Described Lease: 281 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 632 Feet
Building Unit: 1381 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 2233 Feet
Above Ground Utility: 1476 Feet
Railroad: 3195 Feet
Property Line: 620 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: 312 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

01N65W SEC 09: W2

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12011 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 205 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? Yes

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: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Please see Comments section. Disposal description will not fit in space provided.

Beneficial reuse or land application plan submitted? Yes

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	13+1/2	9+5/8	36	0	1588	620	1588	0
1ST	7+7/8	5+1/2	17	0	12001	1402	12001	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	<p>OTHER DISPOSAL DESCRIPTION: KMG will reuse oil-based drilling fluids to the maximum extent possible, at which point they will be returned to the fluids manufacturer for reconditioning or disposal at a licensed, commercial disposal site. Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site. Drilling fluids disposal: Anadarko will reuse water-based drilling fluids to the maximum extent at which point they will either be land applied or taken to a licensed, commercial disposal site; decided upon based off of laboratory analysis of fluids. Cuttings disposal: If the surface owner authorizes, and if it is feasible for this location at the time of drilling, water-based cuttings will be disposed of onsite using bioremediation/solidification product. If the surface owner does not authorize onsite disposal and/or it is not feasible for this location at the time of drilling, water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field.</p> <p>UNPLANNED SIDETRACK - VERBAL APPROVAL FROM DIANA BURN 06/06/15 (see attached): • While drilling our lateral section of the mentioned wellbore we lost differential pressure and could not make any more hole. We circulated and conditioned the hole prior to TOO H due to the mud motor failure. Once we got fully out of the hole it was noticed that the bit and bit box that attaches to the mud motor had broken off and was down hole (see attached schematic of mud motor). We have a fishing hand on location and are going to attempt to fish the bit and bit box. If we are unsuccessful after one attempt we would like to open hole sidetrack this well. If we are unsuccessful with the open hole sidetrack we will plug back the well from a measured depth of 7,852' MD to ~7,000' MD. Total Measured Depth Reached • 7,852 ft. MD • 7,150 ft. TVD Casing Sizes set and MD • 16" conductor casing set at 60 ft. • 9.625" surface casing set at 1,588' MD Description of fish (See attached mud motor picture) • Total length ~ 2.87 ft. • Mandrel o Length = 1.5 ft. • Bit box o Length = 0.72 ft. o OD = 6-1/4" • 7-7/8" PDC bit o Length = 0.65 ft. o OD = 7-7/8" Type of cement • We will first try an open hole sidetrack and then if that doesn't pan out we will pump a cement plug and sidetrack off of plug. • Plug length = ~500' • Weight: 17.5 ppg • Yield: 0.95 ft³/sk • Sacks: 200 Measured Depth and TVD of sidetrack point • 7,495 ft. MD • 7105 ft. TVD Proposed target formation of sidetrack hole if different than permitted • Same as permit BHL of sidetrack hole • Same as permit</p>
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This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 441183

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: _____ Print Name: Ronett Powers

Title: Regulatory Analyst II Date: 6/8/2015 Email: djregulatory@anadarko.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: 6/10/2015

Expiration Date: 06/09/2017

API NUMBER

05 123 41283 01

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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.j and provide cement coverage from end of 5 1/2" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.
	Operator acknowledges the proximity of the listed wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy), ensure all applicable documentation is submitted, and submit a Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. PK Farms 1 (API 123-07810)

Best Management Practices

No BMP/COA Type

Description

1	Planning	The nearest building unit is located 1381' away from this oil and gas location, therefore it is not within a Designated Setback Location and is exempt from 604.c.
2	Drilling/Completion Operations	Kerr McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
3	Drilling/Completion Operations	Anti-Collision: Kerr-McGee will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within one hundred fifty (150) feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators within one hundred fifty (150) feet prior to drilling.
4	Drilling/Completion Operations	317.p Logging Program: One of the first wells drilled on the pad will be logged with Cased-hole Pulsed Neutron Log with Gamma Ray Log from TD into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. The Form 5, Completion Report, for each well on the pad will list all logs run in that well and have those logs attached. The Form 5 for each well shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well.

Total: 4 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400850269	FORM 2 SUBMITTED
400850407	WELL LOCATION PLAT
400850416	DIRECTIONAL DATA
400850418	DEVIATED DRILLING PLAN
400850420	WELLBORE DIAGRAM
400850422	CORRESPONDENCE

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	3/9/2015 2:06:45 PM
Engineer	Offset wells evaluated.	3/9/2015 1:40:40 PM
Permit	Permitting Review Complete.	3/9/2015 1:04:11 PM
Permit	This form has passed completeness.	6/9/2015 12:13:29 PM

Total: 4 comment(s)