

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:

400787947

APPLICATION FOR PERMIT TO:

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

Date Received:

08/07/2015

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

Well Name: North Platte

Well Number: Y44-U41-13HNB

Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC

COGCC Operator Number: 8960

Address: 410 17TH STREET SUITE #1400

City: DENVER

State: CO

Zip: 80202

Contact Name: Keith Caplan

Phone: (720)440-6112

Fax: (720)279-2331

Email: KCaplan@BonanzaCrk.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120018

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 13 Twp: 5N Rng: 63W Meridian: 6

Latitude: 40.393700

Longitude: -104.376830

Footage at Surface: 679 feet FNL/FSL FSL 480 feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4597

County: WELD

GPS Data:

Date of Measurement: 12/17/2014 PDOP Reading: 1.3 Instrument Operator's Name: John Stoddard

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

 631 FSL 388 FEL 470 FNL 380 FEL
 Sec: 13 Twp: 5N Rng: 63W Sec: 13 Twp: 5N Rng: 63W

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.)

5N-63W, Sec. 13: W/2, SE/4, plus acreage in other lands.

Total Acres in Described Lease: 5793 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: 1742 Feet

Building Unit: 1742 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 1654 Feet

Railroad: 5280 Feet

Property Line: 4714 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 171 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Bonanza requests a GWA wellbore spacing unit consisting of E2/E2 Sec 13-T5N-R63W & W2/W/2 Sec 18-T5N-R62W.

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: 11078 Feet

Distance from proposed wellbore to nearest existing or permitted wellbore belonging to another operator:

171 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: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 427606 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 | 1450 | 1078 | 1450 | 0 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 6742 | 727 | 6742 | 1350 |
| 1ST LINER | 6+1/8 | 4+1/2 | 11.6 | 5892 | 11078 | | | |

☒ 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

Nearest well is 70 Ranch USX BB 13-08 (05-123-29676).

Surface casing depth of 1450' was determined from log correlation of the Upper Pierre Aquifer base from Bonanza Creek North Platte 22-13 (05-123-25971).

Open hole logging variance request attached.

SUA attached is for recording purposes only.

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

Location ID: 310744

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: Keith Caplan

Title: Sr Regulatory Specialist Date: 8/7/2015 Email: KCaplan@BonanzaCrk.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:  Director of COGCC Date: 11/24/2015

Expiration Date: 11/23/2017

API NUMBER

05 123 42479 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> |
|------------------------|---|
| | Operator provided revised well location plat- per operator request updated cultural distances: building from 1800' to 1742', building unit from 1800' to 1742' and above ground utility from 4500' to 1654'. |
| | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.j and provide cement coverage from the end of the 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to 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) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("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. CHAPLIN 1-13 (API NO 123-11120) |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|------------------|--------------------------------|--|
| 1 | Drilling/Completion Operations | Logging: 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. |
| 2 | Drilling/Completion Operations | Bradenhead Monitoring: Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. |

Total: 2 comment(s)

Applicable Policies and Notices to Operators

| |
|--|
| Policy |
| Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf |
| Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area. http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf |

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|--------------------|-----------------------------|
| 2238583 | WELL LOCATION PLAT |
| 400787947 | FORM 2 SUBMITTED |
| 400880692 | WELLBORE DIAGRAM |
| 400881452 | OffsetWellEvaluations Data |
| 400881454 | EXCEPTION LOC WAIVERS |
| 400881455 | EXCEPTION LOC REQUEST |
| 400881457 | PROPOSED SPACING UNIT |
| 400881458 | DEVIATED DRILLING PLAN |
| 400881460 | DIRECTIONAL DATA |
| 400881465 | SURFACE AGRMT/SURETY |
| 400883961 | OPEN HOLE LOGGING EXCEPTION |

Total Attach: 11 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|--------------------------|
| Permit | Final review complete. | 11/11/2015 2:30:14 PM |
| Permit | ON HOLD - Field inspection required prior to approval of associated Form 2A | 9/18/2015 4:18:14 PM |
| Permit | Operator revised distance to above ground utility from 4540' to 1665'. | 9/8/2015 9:45:48 AM |
| Permit | There appears to be an above ground utility about 1600' east of the location. Contacted operator to revise distance to AGU. | 9/8/2015 9:45:40 AM |
| Engineer | Offset Wells Evaluated | 8/24/2015 2:54:20 PM |
| Permit | Passed Completeness | 8/19/2015 2:26:36 PM |
| Permit | Returned to draft. 1.) Open Hole Logging Exception letter does not follow the guidelines. 2.) Please enter the Location ID in the Submit tab. 3.) Please add a comment that the SUA is attached for recording purposes only. | 8/12/2015 3:14:41 PM |

Total: 7 comment(s)