

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:

400774762

Date Received:

10/14/2015

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 ☐

Well Name: Stromberger

Well Number: 8

Name of Operator: EXTRACTION OIL & GAS LLC

COGCC Operator Number: 10459

Address: 370 17TH STREET SUITE 5300

City: DENVER

State: CO

Zip: 80202

Contact Name: Jeff Annable

Phone: (303)928-7128

Fax: (303)218-5678

Email: regulatory@petro-fs.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130028

WELL LOCATION INFORMATION

QtrQtr: SENE Sec: 22 Twp: 6N Rng: 67W Meridian: 6

Latitude: 40.474060

Longitude: -104.870862

Footage at Surface: 2058 feet FNL/FSL FNL 150 feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4778

County: WELD

GPS Data:

Date of Measurement: 06/24/2015 PDOP Reading: 2.7 Instrument Operator's Name: Bryan Johnson

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 FNL/FWL

2420 FNL 460 FWL 2420 FNL 460 FEL
Sec: 23 Twp: 6N Rng: 67W Sec: 24 Twp: 6N Rng: 67W

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: Surface Use Agreement

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 6 North, Range 67 West of the 6th PM
Section 9: That part of the S#4 lying South of the Lake Canal Ditch
Section 13: SW4
Section 14: S2
Section 22: NE4
Section 23: NW4, W2NE4

Total Acres in Described Lease: 1000 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: 1731 Feet
Building Unit: 1932 Feet
High Occupancy Building Unit: 2863 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 2097 Feet
Above Ground Utility: 626 Feet
Railroad: 657 Feet
Property Line: 150 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: 231 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

Nearest wellbore permitted or completed in the same formation is Tre-Mat 23-13 API #05-123-23551.

Codell: Proposed Spacing Unit is described as
Sec. 23 & 24: S2N2, N2S2

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		640	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 17197 Feet

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

231 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:

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
CONDUCTOR	24	16	42	0	80	100	80	0
SURF	12+1/4	9+5/8	36	0	1500	400	1500	0
1ST	7+7/8	5+1/2	20	0	17197	1600	17197	1500

☐ 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

Letter to the Director for COGCC Rule 318A.a. Exception Location Request, attached as Exception Loc Request.

Waiver for COGCC Rule 318A.a. GWA window waiver, found in Surface Damage Agreement, attached as Surface Agrmt/Surety.

Letter to Director for COGCC Rule 318A.e. Proposed Spacing Unit, attached as Proposed Spacing Unit.

Nearest permitted or existing wellbore penetrating objective formation is Tre-Mat 23-13 API #05-123-23551.

The minerals beneath the surface are being developed since the mineral lease beneath the surface extends into the Proposed Spacing Unit of the proposed wellbore.

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: Jeff Annable

Title: Regulatory Analyst Date: 10/14/2015 Email: regulatory@petro-fs.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: 12/14/2015

Expiration Date: 12/13/2017

API NUMBER

05 123 42557 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

	<p>Operator acknowledges the proximity of the listed non operated well(s). Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy, ensure all applicable documentation is submitted based on the selected mitigation option chosen, 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.</p> <p>Winder #2-19 (API #123-12534) DeTienne #1-23 (API #123-12283) Neuman #1 (API #123-13841)</p>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU for the first well activity with a rig on the pad and provide 48 hour spud notice for each subsequent well drilled on the pad.</p> <p>2) Comply with Rule 317.j and provide cement coverage from TD to a minimum of 200' above the Niobrara. Verify coverage with cement bond log.</p> <p>3) Oil based drilling fluid is to be used only after all aquifers are covered.</p>

Best Management Practices

No BMP/COA Type

Description

1	Planning	<p>Multi-well Pads are located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas and complies with the wishes of the surface owner.</p> <p>A meeting with the surface owner will determine the fencing plan.</p>
2	Planning	<p>Anti-collision: Operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.</p> <p>Identification of plugged and abandoned wells will be identified pursuant to 319.a.(5)</p>
3	Traffic control	<p>Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. A traffic study is not required through the Colorado Department of Transportation (CDOT). An Access Road Permit will be applied for through CDOT.</p>
4	General Housekeeping	<p>Visual Impacts: Equipment, regardless of construction date, which are observable from any public highway shall be painted with uniform, non-contrasting, non-reflective color tones (similar to the Munsell Soil Color Coding System), and with colors matched to, but slightly darker than, the surrounding landscape.</p> <p>Maintain appearance with garbage clean-up; a trash bin will be located on site to accumulate waste by the personnel drilling the wells. Site will have unused equipment, trash and junk removed immediately. Operator shall keep the Surface Use Area as well as any roads or other areas used by Operator safe and in good order, including control of noxious weeds litter and debris.</p>
5	Storm Water/Erosion Control	<p>Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s).</p>

6	Material Handling and Spill Prevention	<p>Leak Detention Plan: Pumper will visit the location daily and visually inspect all wellheads and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to 40 CFR 112.</p> <p>Control of fire hazards: All material that is considered a fire hazard shall be a minimum of 25' from the wellhead. Electrical equipment shall comply with API IRP 500 and will comply with the current national electrical code.</p> <p>Operator shall comply with state and federal laws, rules and regulations governing the presence of any petroleum products, toxic or hazardous chemicals or wastes on the Subject lands.</p>
7	Dust control	Operator shall employ practices for control of fugitive dust caused by their operations. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, restriction of construction activity during high- wind days, and silica dust controls when handling sand used in hydraulic fracturing operations. Additional management practices such as road surfacing, wind breaks and barriers may be used.
8	Construction	Guy line anchors: All guy line anchors shall be brightly marked pursuant to Rule 604.c. (2)Q.
9	Emissions mitigation	Green Completions - Emission Control System: Test separators and associated flow lines and sand traps shall be installed to accommodate green completions techniques pursuant to COGCC Rules. Operator shall direct all salable quality gas to a sales line as soon as practicable. Operator will tie into either APC or DPC gas sales lines nearby.
10	Odor mitigation	<p>Equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.</p> <p>Oil and gas operations shall be in compliance with the Department of Public Health and Environment, Air Quality Control Commission, Regulation No. 2 Odor Emission, 5 C.C.R. 1001-4, Regulation No. 3 (5 C.C.R. 1001-5), and Regulation No. 7 Section XVII.B.1 (a-c) and Section XII.</p>
11	Drilling/Completion Operations	<p>A closed –loop system will be used for drilling operations.</p> <p>Blowout Prevention Equipment (“BOPE”): A double ram and annular preventer will be used during drilling. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.</p> <p>Lighting: Site lighting shall be directed downward and inward and shielded so as to avoid glare on public roads and Building Units within one thousand (1000) feet where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site.</p> <p>Bradenhead Monitoring: Operator acknowledges and will comply with COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.</p>
12	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with openhole Resistivity Log and Gamma Ray Log from the kick-off point 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 and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state “No open-hole logs were run” and shall clearly identify (by API#, well name & number) the well in which openhole logs were run
13	Interim Reclamation	Operator shall be responsible for segregating the topsoil, backfilling, repacking, reseeding, and recontouring the surface of any disturbed area so as not to interfere with Owner’s operations and shall reclaim such area to be returned to pre-existing conditions as best as possible with control of all weeds.
14	Final Reclamation	Within 90 days subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site. The Operator shall restore the surface of the Land affected by such terminated operations as near as possible to the previous state that existed prior to operations.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2210485	EXCEPTION LOC REQUEST
400774762	FORM 2 SUBMITTED
400914287	DIRECTIONAL DATA
400914289	DEVIATED DRILLING PLAN
400914309	PROPOSED SPACING UNIT
400914324	WELL LOCATION PLAT
400917009	OffsetWellEvaluations Data
400917010	SURFACE AGRMT/SURETY

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator provided revised stimulation setback consent. Final review complete.	12/9/2015 3:38:29 PM
Permit	Operator provided revised Exception Location Requestt.	12/4/2015 1:44:18 PM
Public	<p>Please be advised that the following comments are from the Town of Windsor.</p> <p>The subject property is located within the Town of Windsor Growth Management Area (GMA).The Town's Comprehensive Plan states, "The GMA is intended to define those specific areas within the planning area where it is most logical to extend urban services in the near term, that is, within the next five to ten years."</p> <p>Below please find the conditions of approval that are typically applied to conditional use grants for oil and gas operations located within Town.Therefore, the Town recommends the following conditions be placed on the subject oil and gas facilities:</p> <p>CONDITIONS:</p> <p>1.Prior to the commencement of drilling, the applicant shall submit comprehensive "Drilling and Site Improvement Plans" for review and approval by the Town.Such plans shall address initial drilling activities, initial installation of site improvements and details, and on-going perpetual maintenance of the subject site including, but not limited to, the following:</p> <p>a.Site access plan.The Drilling and Site Improvement Plans and supplemental information shall address site access points and haul routes for review and approval.</p> <p>b.Public street clean-up and tracking prevention.The Drilling and Site Improvement Plans and supplemental information shall include a tracking pad for review and approval.</p> <p>c.Site grading.The Drilling and Site Improvement Plans and supplemental information shall address site grading, including any earth berms for emergency containment.</p> <p>d.Site lighting.The Drilling and Site Improvement Plans and supplemental information shall include details regarding site lighting fixtures and locations.Security and other site lighting shall utilize full cutoff light fixtures to mitigate light pollution.</p> <p>e.Temporary screening. The applicant shall install a buffer to screen the initial</p>	10/23/2015 10:13:49 AM

	<p>drilling activities and installation of site improvements from surrounding neighborhoods and streets. The temporary buffer shall include hay bales to enclose the drilling operations to provide noise mitigation.</p> <p>f. Permanent screening. Given the close proximity to residential neighbors, the Drilling and Site Improvement Plans shall depict proposed long-term screening materials including landscaping, earth berms and any other screening methods to mitigate visual impacts.</p> <p>g. Fencing. The Drilling and Site Improvement Plans shall depict fencing of the perimeter of the site. Fencing materials shall be reviewed for approval by the Town based upon the character of the surrounding neighborhood.</p> <p>h. Oil and gas equipment.</p> <p>(1) The applicant shall utilize electric motors in order to mitigate the noise impacts to the neighboring properties.</p> <p>(2) The applicant shall ensure that the wells and tanks are of the minimum size required to satisfy present and future functional requirements to mitigate visual impacts.</p> <p>(3) Low profile tanks shall be utilized and shall be installed in the least visible manner possible.</p> <p>(4) All tanks and equipment shall be painted to blend-in with the surrounding landscape.</p> <p>i. Air quality.</p> <p>(1) The applicant shall participate in any required Environmental Protection Agency (EPA) air quality monitoring and/or testing by allowing EPA to install equipment on site for said monitoring and testing.</p> <p>(2) The applicant shall install and operate an emissions control device (ECD) capable of reducing Volatile Organic Compound (VOC) emissions on the subject oil and gas equipment in accordance with Colorado Oil and Gas Conservation Commission (COGCC) and/or the Colorado Department of Public Health and Environment (CDPHE) rules and regulations.</p> <p>(3) The applicant shall submit to the Town copies of all air emissions reporting as required by the COGCC and/or the CDPHE's Air Pollution Control Division.</p> <p>j. Water quality.</p> <p>(1) The applicant shall ensure that any hydrocarbon discharges from the site comply with all state and federal water quality requirements.</p> <p>(2) The applicant shall provide test results from Groundwater Baseline Sampling and Monitoring required by COGCC Rule 318A.e(4) to the Town. (Condition updated 10/28/13 to reflect updated COGCC rule)</p> <p>k. Emergency containment. The secondary containment berm surrounding all storage vessels shall be designed and constructed to contain a minimum of 110% of the volume of the largest vessel located within the containment area or to State of Colorado standards, whichever requirements are more stringent.</p> <p>l. Waste disposal. The applicant shall submit to the Town copies of all waste management reports as required by the COGCC and/or the CDPHE rules and regulations.</p> <p>m. The following certification blocks shall be included on the Drilling and Site Improvement Plans:</p> <p>(1) A signed owner's acknowledgement certification block.</p>		
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	<p>(2)A signed drilling operator's acknowledgement certification block.</p> <p>n.The following notes shall be included on the Drilling and Site Improvement Plans:</p> <p>(1)The applicant shall comply with all rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC).</p> <p>(2)The applicant shall comply with all rules and regulations of the Colorado Department of Public Health and Environment (CDPHE).</p> <p>(3)The applicant shall maintain on-going compliance with all conditions of the Town and Windsor-Severance Fire Rescue.</p> <p>(4)The facilities shall be kept clean and otherwise properly maintained at all times.</p> <p>(5)If access to the site is proposed from a Town of Windsor street, such access point(s) shall require approval from the Town of Windsor Engineering Department and any required access improvements, street clean-up, tracking pads, etc., shall be addressed accordingly.</p> <p>2.The applicant shall address and comply with the conditions of Windsor-Severance Fire Rescue.</p> <p>ACCESS COMMENTS:</p> <p>If access to the site is proposed from a Town of Windsor street, such access point (s) shall require approval from the Town of Windsor Engineering Department and any required access improvements, street clean-up, tracking pads, etc., shall be addressed accordingly.</p>		
Permit	Passed completeness.	10/19/2015 11:47:23 AM	

Total: 4 comment(s)