

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:

400953592

## APPLICATION FOR PERMIT TO:

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

Date Received:

02/02/2016

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER \_\_\_\_\_Refiling ☒ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Battlement Mesa

Well Number: 22B-36-795

Name of Operator: CAERUS PICEANCE LLC

COGCC Operator Number: 10456

Address: 600 17TH STREET #1600N

City: DENVER State: CO Zip: 80202

Contact Name: Reed Haddock

Phone: (720)880-6369

Fax: (303)565-4606

Email: rhaddock@caerusoilandgas.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130021

## WELL LOCATION INFORMATION

QtrQtr: Lot 7 Sec: 36 Twp: 7S Rng: 95W Meridian: 6

Latitude: 39.395683

Longitude: -107.942163

Footage at Surface: 1558 feet FNL/FSL FNL 1625 feet FEL/FWL FEL

Field Name: PARACHUTE

Field Number: 67350

Ground Elevation: 8868.5

County: GARFIELD

GPS Data:

Date of Measurement: 12/10/2015 PDOP Reading: 1.9 Instrument Operator's Name: Robert Wood

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

 1579 FNL 2089 FWL 1579 FNL 2089 FWL  
 Sec: 36 Twp: 7S Rng: 95W Sec: 36 Twp: 7S Rng: 95W

## LOCATION SURFACE &amp; MINERALS &amp; 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: 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.)

Sec. 36, T7S-R95W: Lots 6, 7, 8, 9, 10, 11. The distance from completed portion of wellbore to nearest lease line was measured to the north line of Lot 6.

Total Acres in Described Lease: 240 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: 236 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4206 Feet  
Building Unit: 5280 Feet  
High Occupancy Building Unit: 5280 Feet  
Designated Outside Activity Area: 2516 Feet  
Public Road: 2391 Feet  
Above Ground Utility: 4196 Feet  
Railroad: 5280 Feet  
Property Line: 1167 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: 378 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1579 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

## SPACING & FORMATIONS COMMENTS

Sec. 36, T7S-R95W

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK	WMFK	139-53	640	All - Sec. 36

## DRILLING PROGRAM

Proposed Total Measured Depth: 10166 Feet

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

3250 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)

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 609

## DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Waste Management Plan attached to Form 2A.

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	30	20	52.8#	0	60	131	60	0
SURF	14+3/4	9+5/8	36#	0	2500	623	2500	0
1ST	8+3/4	4+1/2	11.6#	0	10166	935	10166	5595

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

Location ID: 324300

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: Reed Haddock

Title: Sr. Regulatory Specialist Date: 2/2/2016 Email: rhaddock@caerusoilandgas.co

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: 4/1/2016

Expiration Date: 03/31/2018

### API NUMBER

05 045 10712 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.

<b><u>COA Type</u></b>	<b><u>Description</u></b>
	In order to clean up an old Noble API, Caerus agreed to use this API number (045-10712), and convert this APD to a refile. Changed refile question from no to yes and added API number.
	Approval of this refile APD does not provide relief from compliance with the COGCC Reclamation Rules.
	1)Operator shall comply with the most current revision of the Northwest Colorado Notification Policy. See attached notice.  2)Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: all field notice requirements specified in this notice to operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see condition of approval #1). See attached notice.  3)Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.  4)In lieu of the standard Form 42 spud notice required by the Northwest Notification Policy, submit Form 42 Rulison SAP - Spud Notice, specifying the bottom hole location sector and tier.  5)Operator shall comply with all provisions of the most recent COGCC-approved revision of the Rulison Sampling and Analysis Plan.  6)Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spudding this well. DNR_Rulison.Submittal@state.co.us

## **Best Management Practices**

<b><u>No</u></b>	<b><u>BMP/COA Type</u></b>	<b><u>Description</u></b>
1	Planning	In compliance with Rule 317.p the first well that is operationally feasible on the Battlement Mesa 36G-795 pad will be logged with an open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. All wells on the pad will have a Cement Bond Log with cased-hole Gamma Ray run on the production casing. The Form 5 Completion Report will list all the logs run in the subject well and identify the well that was logged with the open-hole Resistivity Log.
2	Drilling/Completion Operations	Caerus Operating LLC will adhere to the COGCC Policy for Bradenhead Monitoring effective May 29, 2012.

Total: 2 comment(s)

## **Applicable Policies and Notices to Operators**

Policy
Piceance Rulison Field - Notice to Operators. <a href="http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf">http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf</a>
NW Colorado Notification Policy. <a href="http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf">http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf</a>
Notice Concerning Operating Requirements for Wildlife Protection. <a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a>

## **Attachment Check List**

<u>Att Doc Num</u>	<u>Name</u>
2168080	DOE APPROVAL LETTER
400953592	FORM 2 SUBMITTED
400978216	DEVIATED DRILLING PLAN
400978218	DIRECTIONAL DATA
400981321	WELL LOCATION PLAT
400981322	TOPO MAP

Total Attach: 6 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	3/30/2016 10:46:01 AM
Permit	Received and attached DOE approval letter. They take note of the proximity to the ½ mile radius, however they do not request any further review or information, and have no objection. They do request COGCC to include language in the permit for the applicant to accommodate DOE sampling.	3/8/2016 2:29:33 PM
Permit	Information sent to DOE as per requirements. Removed Lots 15 & 16 from lease description as per operator. Ready to pass pending OGLA & DOE approvals.	2/17/2016 3:33:42 PM
LGD	Pass, KHW	2/17/2016 12:48:17 PM
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 98 feet. Existing offset wells target the Mesa Verde formation. No mitigation required. Emailed operator regarding distance to wellbore belonging to another operator. Changed distance to wellbore to 3250'.	2/8/2016 3:23:11 PM
Permit	Passed completeness.	2/3/2016 3:17:10 PM

Total: 6 comment(s)