

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:

400912823

Date Received:

10/07/2015

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: SPADAFORA 1190

Well Number: #20-21 H1

Name of Operator: GUNNISON ENERGY LLC

COGCC Operator Number: 10515

Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

Contact Name: HEATHER LANG

Phone: (303)296-4222

Fax: (303)296-4555

Email: HEATHER.LANG@OXBOW.COM

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20140052

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 20 Twp: 11S Rng: 90W Meridian: 6

Latitude: 39.090189

Longitude: -107.471467

Footage at Surface: 920 feet FNL/FSL FNL 2526 feet FEL/FWL FWL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 8072.6

County: GUNNISON

GPS Data:

Date of Measurement: 09/08/2014 PDOP Reading: 1.2 Instrument Operator's Name: UINTAH ENGINEERING

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 FEL/FWL

1314 FNL 1139 FEL 2005 FNL 2483 FWL
Sec: 20 Twp: 11S Rng: 90W Sec: 28 Twp: 11S Rng: 90W

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: 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.)

SEE ATTACHED MAP

Total Acres in Described Lease: 153 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: 1283 Feet

Building Unit: 1283 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 313 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1104 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: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1733 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Sheep Park II Unit Number: 77109X

SPACING & FORMATIONS COMMENTS

THIS WELL IS WITHIN THE SHEEP PARK II UNIT

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
MANCOS	MNCS			

DRILLING PROGRAM

Proposed Total Measured Depth: 16360 Feet

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

3373 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: UIC 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	26	22	42.1	0	120	300	120	0
SURF	20	16	65	0	1100	477	1100	0
1ST	14+3/4	10+3/4	45.5	0	3600	956	3600	0
2ND	9+7/8	7+5/8	29.7	0	9300	1080	9300	0
3RD	6+3/4	4+1/2	13.5	0	16360	1050	16360	3000

☐ 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

-No pit will be used
-Additional disturbance will take place to accomodate multiple wells
-The location does not require a variance from any of the rules listed in Rule 306.d.(1).(A).(ii)
-The location is not within a wildlife restricted surface occupancy area

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

Location ID: 417369

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: HEATHER LANG

Title: LEASE ANALYST Date: 10/7/2015 Email: HEATHER.LANG@OXBOW.C

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: 4/4/2016

Expiration Date: 04/03/2018

API NUMBER

05 051 06097 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

	Approval of this refill APD does not provide relief from compliance with the COGCC Reclamation Rules.
	(1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice. (2) Operator shall provide cement coverage from the first and second casing shoes 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 first and second casings cement coverage with a cement bond log.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	One of the first wells drilled on the pad, Spadafora 1190 #20-21 H1, will be logged with open-hole 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 the well (by API#, well name and number) in which open-hole logs were run.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2168083	LEGAL/LEASE DESCRIPTION
400912935	DEVIATED DRILLING PLAN
400912938	LEASE MAP
400912939	WELL LOCATION PLAT
400912955	DIRECTIONAL DATA
400912972	SURFACE AGRMT/SURETY

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected drilling fluids disposal method from commercial to UIC disposal to match the 2A. Added Open Hole Logging BMP as per operator. As per operator, corrected this APD to a refile and added the API 051-06097 which is an AL well on this pad. Final review complete.	3/29/2016 7:18:24 AM
Permit	Added 1733' as the distance to the unit boundary from TOPZ to the SWSW corner of Sec. 16 as per operator. According to BLM letter of 4/30/15, Sheep Park II Unit includes all lands including the surface and path of this wellbore. Added Sheep Park II Unit in the Federal Name space with operator permission. Corrected distances to nearest wellbore in same formation and belonging to another operator to 5280'. Returning form to In Process.	2/11/2016 11:23:47 AM
Permit	Attached lease that covers the BHL - COC70004 containing 2269 acres. Updated the distance to lease line from 1163' to "0". Corrected distance to building from 1335' to 1283'. Form 2A was added to Related Forms section as per operator.	1/6/2016 2:33:08 PM
Permit	E-mailed operator requesting that the form be withdrawn if information is not provided by Dec. 28th. Operator responded that they will have information by Jan 15th. Putting form on hold until that time. Corrected Surety Bond from 1101667 to 2014-0052 with operator approval.	12/21/2015 2:04:47 PM
Permit	Location (2A) needs to be refiled to add this well. Operator notified. Lease map is deceiving. Wellbore crosses two Federal leases and will produce from one of them. No copy of Fed Permit. Operator notified for clarification of mineral estate.	10/30/2015 2:30:29 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 487 feet. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required.	10/20/2015 12:32:04 PM
Permit	Passed completeness.	10/15/2015 8:47:19 AM
Permit	Returned to draft: Submitter not a designated agent.	10/8/2015 8:34:51 AM

Total: 8 comment(s)