

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:

401026277

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:

04/12/2016

Well Name: Klein Well Number: 19M-232
Name of Operator: PDC ENERGY INC COGCC Operator Number: 69175
Address: 1775 SHERMAN STREET - STE 3000
City: DENVER State: CO Zip: 80203
Contact Name: Venessa Langmacher Phone: (303)318-6102 Fax: (303)831-3988
Email: venessa.langmacher@pdce.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20090078

WELL LOCATION INFORMATION

QtrQtr: NWNE Sec: 19 Twp: 5N Rng: 64W Meridian: 6

Latitude: 40.389990

Longitude: -104.591980

Footage at Surface: 688 feet FNL/FSL FNL 2402 feet FEL/FWL FEL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4628 County: WELD

GPS Data:

Date of Measurement: 11/26/2013 PDOP Reading: 2.1 Instrument Operator's Name: Brian Rottinghaus

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
351 FNL 1966 FEL 430 FNL 2306 FEL
Sec: 19 Twp: 5N Rng: 64W Sec: 21 Twp: 5N Rng: 64W

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.)

T5N-R64W Section 19: NE

Total Acres in Described Lease: 161 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: 421 Feet
Building Unit: 507 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 691 Feet
Above Ground Utility: 230 Feet
Railroad: 3178 Feet
Property Line: 236 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: 02/26/2014

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: 192 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 672 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit: T5N-R64W: Section 16: S2SW, SWSE, Section 17: S2S2, Section 18: S2SE, Section 19: N2NE, Section 20: N2N2, Section 21: N2NW, NWNE

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		720	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 17259 Feet

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

50 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: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Drill cuttings will be land applied at PDC spread fields with COGCC Facility ID 444255, 159534, 436033, or 434889.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 444255 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	12+1/4	9+5/8	36	0	875	830	875	0
1ST	8+3/4	7	26	0	7187	650	7187	0
1ST LINER	6+1/8	4+1/2	13.5	5979	17259			

☒ 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

Distance to the completed portion of the nearest well was measured to via the anti-collision report located within the deviated drilling plan on file (the nearest well is the Seth 1 owned by PDC). Distance to the nearest wellbore belonging to another operator was measured using COGIS Map in 2D (plan view) from the Christine 1 (05-123-20163) owned by Southwestern Production Corp. No stimulation setback consents are needed.

PDC requests an exception to rule 317.p.: PDC will run a cased hole log.

No changes have been made from the previously approved Sundry Notice (approved on 2/22/2016). The Form 2A expires on 9/19/2017.

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

Location ID: 438989

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: Venessa Langmacher

Title: Senior Regulatory Tech Date: 4/12/2016 Email: venessa.langmacher@pdce.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: 5/4/2016

Expiration Date: 05/03/2018

API NUMBER

05 123 40250 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 refile APD does not provide relief from compliance with the COGCC Reclamation Rules.
	The Bradenhead COA on the approved sundry shall be replaced with the following: Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.: 1) Within 60 days of rig release, prior to stimulation. 2) 6 months after rig release, prior to stimulation. 3) Within 30 days of first production, as reported on Form 5A.

Best Management Practices

No BMP/COA Type

Description

1	Planning	604c.(2).E. Multiwell Pads: This 2A application is for a 4-well pad. No suitable existing locations are in the area. Location was chosen by surface owner, Dennis Klein is also in agreement with these locations as they will allow him to install a center pivot for irrigation. Dennis Klein also owns BU 200 feet to the north, is in agreement with location of facility.
2	Planning	604c.(2).V. Development From Existing Well Pads: An existing pad was not available to utilize to develop these wells.
3	Planning	604.c.(2).W. Site Specific Measures: Lights should be turned downward and away from building units within the 1,000 foot buffer area. Dust mitigation will be provided as necessary. County road used for access has low traffic volume.
4	Planning	604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations.
5	General Housekeeping	604c.(2).N. Control of Fire Hazards: PDC will ensure that any material that might be deemed a fire hazard will be will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s). PDC installs automation equipment for tank level and pressure monitoring inside the bermed area that complies with API RP 500 classifications and with the current national electrical code as adopted by the State of Colorado.
6	General Housekeeping	604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation.
7	General Housekeeping	604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned.
8	Material Handling and Spill Prevention	604c.(2).K. Pit Level Indicators: PDC uses an Electronic Drilling Recorder (EDR) with pit level monitor(s) and alarm(s) for production rigs. Basic level gages are used on steel pits utilized for the surface rig.
9	Construction	604c.(2).G. Berm Construction: A geosynthetic liner will be laid under the tanks on this location and a metal containment will be constructed. Operator must implement sitespecific best management practices in accordance with good engineering practices, including, but not limited to, construction of a berm or diversion dike, site grading, or other comparable measures, sufficient to protect the down gradient water sources located as follows from the nearest well head : ditch 246 feet north-west.
10	Construction	604c.(2).S. Access Roads: PDC will utilize the lease access road off of WCR 51 for drilling operations and maintenance equipment. The lease access road will be properly constructed and maintained to accommodate for local emergency vehicle access.

11	Construction	604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate. PDC personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or PDC personnel shall be on-site during drilling and completion operations.
12	Construction	604c.(2).Q. Guy Line Anchors: Rig guy wires are anchored to the rig's base beam that the rig stands on, temporary and permanent anchors will not be set on this location.
13	Construction	604c.(2).R. Tank Specifications: Condensate storage tanks will be designed, constructed and maintained in accordance with National Fire Protection Association (NFPA) Code 30 (2008 version). PDC will maintain written records to verify proper design, construction and maintenance. All records will be available for inspection by the Director.
14	Noise mitigation	604c.(2).A. Noise: WELL PAD: PDC has conducted baseline noise surveys for all drilling rigs that are being contracted and has also conducted a baseline noise survey for hydraulic fracture stimulation operations on a representative horizontal well. A review was conducted to identify potential receptors within 1000 feet of the proposed Klein 19MN-HZ Pad site. There are two building units of concern. The three building units are located as follows: NW of the proposed pad at a distance of approximately 200 feet, and NW of the proposed pad at a distance of approximately 608 feet. Based on the receptors locations, projected noise levels are anticipated to exceed the Light Industrial Zone standard of 65 decibels (db) at the receptor location. Therefore, noise mitigation will be necessary for the Klein 19MN-HZ pad. A sound wall will be installed to the north of the proposed location prior to drilling and completion activities, methods of noise mitigation shall include but not be limited to hay bales, noise walls, or customized semi-trailers. PRODUCTION FACILITIES: It is not anticipated that noise mitigation will be necessary at the proposed tank battery location. After construction is completed, equipment installed and production begins, noise levels will be assessed to determine if mitigation measures will be required to be compliant with Rule 802.
15	Drilling/Completion Operations	604c.(2).I. BOPE Testing for Drilling Operations: PDC's contractors will supply a double ram BOPE (Blinds and pipes) and always function test BOPE's prior to placement on the well head and inspect and replace all seals and ram block rubbers. After installation of the BOPE, PDCE conducts a pressure test on the BOPE at a low pressure of (200-400 psi) and a high pressure test with a third party tester, all tests are digitally recorded.
16	Drilling/Completion Operations	604c.(2).J. BOPE for Well Servicing Operations: All valves will also be tested to maximum rating by a third party prior to being delivered to location. Whenever snubbing operations are being used the snubbing stack will be pressure tested at the same time the BOPE is being tested which consist of a single pipe ram and a annular bag.
17	Drilling/Completion Operations	604c.(2).L. Drill Stem Tests: PDC does not conduct drill stem tests, but will seek prior approval from the director if a drill stem test will be preformed.
18	Drilling/Completion Operations	604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a. (5)., once the well has been plugged and abandoned, PDC will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging.
19	Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. The Colorado Oil and Gas Conservation Commission (COGCC) has established this Policy Regarding Bradenhead Monitoring During Hydraulic Fracturing Treatments ("Treatment") in the Greater Wattenberg Area ("GWA") pursuant to COGCC 207.a. ("Policy"). This Policy applies to oil and gas operations in the GWA as defined by the COGCC Rules of Practice and Procedure.
20	Drilling/Completion Operations	604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped.

21	Drilling/Completion Operations	Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an asconstructed gyro survey will be submitted to COGCC with the Form 5.
22	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with Cased hole Pulsed Neutron Log with Gamma Ray Log from 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 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: 22 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>
401026277	FORM 2 SUBMITTED
401026289	OffsetWellEvaluations Data
401026296	OPEN HOLE LOGGING EXCEPTION

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	5/4/2016 1:01:03 PM
Permit	Operator provided a digital PDF of the log used in the Open Hole Logging Exception. Attached to the Seth 1 (API#123-20129) Permitting Review Complete.	4/29/2016 2:22:14 PM
Permit	ON HOLD: unable to open log submitted for Open Hole Logging Exception. Asking Operator for another.	4/25/2016 3:22:45 PM
Permit	Operator requested Exception to Open Hole Logging Rule 317.p. See attached.	4/25/2016 3:22:44 PM
Engineer	Offset wells evaluated with the original APD.	4/21/2016 9:34:05 AM
Permit	Passed completeness.	4/13/2016 11:24:50 AM

Total: 6 comment(s)