

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:

401030573

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refiling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

04/27/2016

Well Name: High Pointe LLC

Well Number: 10H-302

Name of Operator: PDC ENERGY INC

COGCC Operator Number: 69175

Address: 1775 SHERMAN STREET - STE 3000

City: DENVER State: CO Zip: 80203

Contact Name: Kelsi Welch

Phone: (303)831-3974

Fax: ()

Email: kelsi.welch@pdce.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160047

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 10 Twp: 5N Rng: 67W Meridian: 6

Latitude: 40.407780

Longitude: -104.886550

Footage at Surface: 325 feet FNL/FSL FSL 613 feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4977

County: WELD

GPS Data:

Date of Measurement: 11/18/2015 PDOP Reading: 2.1 Instrument Operator's Name: Casey Kohout

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FSL 818 FWL 1188 FSL 500 FEL
1106 FSL 818 FWL 1188 FSL 500 FEL
Sec: 10 Twp: 5N Rng: 67W Sec: 11 Twp: 5N 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: 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.)

Township 5 North, Range 67 West, 6th P.M., Section 10: W/2 EXCEPT NE/4NW/4, and SE/4, and W/2NE/4

Total Acres in Described Lease: 520 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: 810 Feet
Building Unit: 5137 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 336 Feet
Above Ground Utility: 275 Feet
Railroad: 280 Feet
Property Line: 325 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: 23 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 500 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

PSU: S2 of Section 10 and S2 of Section 11 in T5N R67W

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		640	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 16870 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: 510 feet ☐ No well belonging to another operator within 1,500 feet

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: 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+1/2	9+5/8	36	0	1350	920	1350	0
1ST	8+1/2	5+1/2	20	0	16870	2035	16870	0

☒ 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 5-1/2" casing string will be cemented to surface. CBL will only be run in the vertical section of the wellbore.

Distance to the completed portion of the nearest well was measured to via the anti-collision report located within the deviated drilling plan attached, beginning on Page 9. Distance to the nearest wellbore belonging to another operator was measured using COGIS Map in 2D (plan view) from the UPRR 49 PAN AM B #1.

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

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: Kelsi Welch

Title: Regulatory Analyst Date: 4/27/2016 Email: kelsi.welch@pdce.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: Matthew Lee Director of COGCC Date: 8/27/2016

Expiration Date: 08/26/2018

API NUMBER

05 123 43537 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 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.</p> <p>EDWARDS 44-9 (API NO 123-20965)EDWARDS 43-9 (API NO 123-20867) STEPHENS FOE 10-1 (API NO 123-11369)EDWARDS 11-15DU (API NO 123-25484) L H 1 (API NO 123-11573)</p>
	<p>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.</p> <p>UPRR 49 PAN AM B 1 (API NO 123-07236)SHANNON 14-3 (API NO 123-13213) SHANNON 14-4 (API NO 123-13236)RAGAN N 14-02 (API NO 123-18812) RAGAN 14-17 (API NO 123-23316)RAGAN N 14-1 (API NO 123-23317) EDWARDS 15-11 (API NO 123-21339)EDWARDS 31-15 (API NO 123-22324)</p>
	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 48 hour spud notice for all subsequent wells drilled on the pad.</p> <p>2) Comply with Rule 317.j and provide cement coverage from the end of production casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.</p>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.:</p> <p>1) Within 60 days of rig release, prior to stimulation.</p> <p>2) 6 months after rig release, prior to stimulation.</p> <p>3) Within 30 days of first production, as reported on Form 5A.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	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.
2	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.
3	Drilling/Completion Operations	Anti-collision: 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 as-constructed gyro survey will be submitted to COGCC with the Form 5.

Total: 3 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>
1696716	OPEN HOLE LOGGING EXCEPTION
401030689	OffsetWellEvaluations Data
401030690	WELL LOCATION PLAT
401030691	DEVIATED DRILLING PLAN
401030692	PROPOSED SPACING UNIT
401030693	DIRECTIONAL DATA
401030694	30 DAY NOTICE LETTER
401030695	EXCEPTION LOC WAIVERS
401032278	EXCEPTION LOC REQUEST

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	8/23/2016 8:41:44 AM

Permit	Per operator changed Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation from 467' to 23'. (123-28033 Highpoint 10B) Attached new Open Hole Logging Exception letter. Permitting Review Complete.	8/19/2016 1:17:48 PM
Engineer	Revised the distance from a proposed wellbore to nearest existing or permitted wellbore belonging to another operator from 456', to 510', UPRR 49 PAN AM B #1, on the Drilling & Waste Plans tab, the operator agreed. Changed 7" casing referral to 5-1/2" casing on the Submit Tab, there is no 7" casing, per the Casing Tab.	7/11/2016 12:11:05 PM
Permit	ON HOLD: requesting correction to the Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation. (123-28033 Highpoint 10B) Requesting anti-collision summary. Requesting removal of Open Hole Logging Exception letter and change of BMP.	6/29/2016 2:14:27 PM
LGD	<p>The City of Greeley respectfully requests that the State withhold approval of any State permit until the operator successfully receives local land use approval, in this instance a Use by Special Review permit. At this time a formal application has not been submitted to the City by the applicant. The City of Greeley requests that, as part of the approval of the Form 2 Permit, all design and operational elements of the USR permit be honored, consistent, and incorporated.</p> <p>If the COGCC does not withhold approval, the City then requests that the State application be approved with the condition that the Form 2 Permit be subsequently formally amended to incorporate any site and/or operational standards that get finalized through the local Use by Special Review permit. The City believes this deference is consistent with, and in the spirit of, the standing Memorandum of Understanding between the City of Greeley and the COGCC, and at the same time the City acknowledges the State's right to determine areas of operational conflict that would otherwise prohibit the incorporation of such standards into an Amended Form 2 Permit.</p> <p>A number of preliminary review comments (i.e., pre-application notes) were provided to the operator on 11/30/15. The City would anticipate and benefit from on-going discussion with the applicant, and it would be appropriate for the operator to submit a formal land use application, if indeed it is the operator's intent to begin development of the site for drilling.</p> <p>To briefly summarize comments provided directly to the applicant, in general the layout of the proposed oil and gas facilities in several clustered areas is particularly expansive. The distribution proposed will make it difficult and costly to effectively screen the site, while (seemingly unnecessarily) extending the amount of land disturbed for completion/recompletion operations. If the overall use proves to be supportable, the City encourages the operator to consider ways to re-design the site to be more compact and/or contain fewer facilities. The non-compact nature of the proposed design exacerbates a concern that the proposed facilities would unnecessarily consume and limit land use options in the future.</p> <p>Other comments provided include those expressing concern about limitations caused on future logical growth extension of the city, a requirement to meet minimum city setbacks, a commitment to various specified best management practices, a need to design for visual mitigation (particularly relative to Highway 34, an critically important gateway corridor into Greeley), landscaping requirements, and options for temporary water supply to the site.</p> <p>It is the expectation of the City that these and other matters identified through the benefit of a complete design and land application to the City would be appropriately addressed through the City's USR process.</p>	6/2/2016 11:24:08 AM

Engineer	Offset Wells Evaluated.	5/24/2016 1:38:22 PM
Permit	Extended comment period at request of Greeley LGD to 6/2/2016.	5/4/2016 9:25:51 AM
Permit	Passed completeness.	5/3/2016 3:12:31 PM
Permit	Updated Surety Bond ID# per operator request. Changed attachment label on Well Location Plat per operator request.	5/3/2016 3:04:00 PM

Total: 9 comment(s)