

FORM

2

Rev  
08/16

## 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:

401099405

## APPLICATION FOR PERMIT TO:

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

Date Received:

09/01/2016

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

Well Name: DMGU 1289

Well Number: #18-H3

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)296-2752

Fax: ( )

Email: heather.lang@oxbow.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20140052

## WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 18 Twp: 12S Rng: 89W Meridian: 6

Latitude: 39.017519

Longitude: -107.377647

Footage at Surface: 1466 Feet FNL/FSL FNL 2514 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 7332

County: GUNNISON

GPS Data:

Date of Measurement: 01/22/2013 PDOP Reading: 1.3 Instrument Operator's Name: Robert Kay

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

 1212 FNL 1549 FEL 445 FSL 1978 FEL  
 Sec: 18 Twp: 12S Rng: 89W Sec: 17 Twp: 12S Rng: 89W

## 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: 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.)

See Lease Map

Total Acres in Described Lease: 1075 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # 065106

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 445 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 486 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 4181 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 2551 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: 765 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 761 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Deadman Gulch Unit Number: COC74489X

## SPACING & FORMATIONS COMMENTS

## 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: 13611 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: 100 Feet ☐ No well belonging to another operator within 1,500 feet

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: 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   | 17+1/2       | 13+3/8         | 68    | 0             | 120           |           | 120     | 0       |
| SURF        | 12+1/4       | 9+5/8          | 36    | 0             | 900           | 238       | 900     | 0       |
| 1ST         | 8+1/2        | 7              | 26    | 0             | 7600          | 288       | 7600    | 900     |
| 2ND         | 6+1/8        | 4+1/2          | 13.5  | 0             | 13600         | 800       | 13600   | 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 \_\_\_\_\_

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ Yes \_\_\_\_\_ CDP #: \_\_\_\_\_ 2028

Location ID: \_\_\_\_\_ 427218

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: \_\_\_\_\_ Office Mgr & Lse Analyst Date: \_\_\_\_\_ 9/1/2016 Email: \_\_\_\_\_ heather.lang@oxbow.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: \_\_\_\_\_ 12/22/2016

Expiration Date: \_\_\_\_\_ 12/21/2018

**API NUMBER**

05 051 06121 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**

|  |  |
|--|--|
|  | If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016).   |
|  | 1) Operator shall comply with the most current revision of the Northwest Notification Policy.<br><br>2) Operator shall provide cement coverage from the intermediate casing shoe (7" First String) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (Ohio Creek and Mesaverde) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by surface casing. Verify intermediate casing 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 | This well 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.<br><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.<br><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>                |
|--------------------|----------------------------|
| 401099405          | FORM 2 SUBMITTED           |
| 401119198          | OffsetWellEvaluations Data |

Total Attach: 2 Files

## General Comments

| <u>User Group</u> | <u>Comment</u>  | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit            | <p>Corrected distance to nearest wellbore in same formation from 1088' to 765 with operator approval.</p> <p>Removed spacing order number as it is an order but doesn't set up spacing; as directed by operator.</p> <p>Clicked the "yes" box that well is in CDP and added 2028 identification number with operator approval.</p> <p>Final review complete.</p>  | 12/12/2016          |
| Permit            | Corrected the distance to the lease line from 258' to 445' with operator approval.  | 12/07/2016          |
| Permit            | <p>Requested information regarding building at 486'. The building is the DGU 18-22 water disposal facility pump house, that encloses the triplex water injection well pump.</p> <p>No change in the drilling and waste program since original approved 2A.</p>  | 10/27/2016          |
| Engineer          | <p>Uploaded revised offset well spreadsheet provided by operator. Changed distance to nearest existing wellbore belonging to another operator to 100'. Distance is horizontal distance to a shallow offset. Vertical distance is much greater.</p> <p>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 was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest domestic use water well within one mile is 460 feet. The deepest registered water well within one mile is 3,700 feet and is a COGCC gas well.</p> <p>Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required.</p> | 09/27/2016          |
| Permit            | Passes completeness.  | 09/21/2016          |
| Permit            | <p>Returned to draft:</p> <ul style="list-style-type: none"> <li>-- SHL footage does not match existing Well Location Plat</li> <li>-- Ground elevation needs to be rounded to nearest whole number</li> <li>-- Instrument Operator is incorrect</li> <li>-- Distance to nearest nonop well (15') needs to be commented or attach a Stimulation Setback Consent</li> </ul>  | 09/13/2016          |

Total: 6 comment(s)