

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
03/21/2016

TYPE OF WELL OIL GAS COALBED OTHER Pilot Hole

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: Grynberg Stateline Federal Well Number: 24-12-65-4-J

Name of Operator: GRYNBERG* JACK DBA GRYNBERG PETROLEUM CO COGCC Operator Number: 36200

Address: 3600 S. YOSEMITE ST - STE 900

City: DENVER State: CO Zip: 80237-1830

Contact Name: Randy Edelen Phone: (303)850-7490 Fax: (303)850-7498

Email: r.edelen@grynberg.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100037

WELL LOCATION INFORMATION

QtrQtr: NWNW Sec: 24 Twp: 12N Rng: 65W Meridian: 6

Latitude: 40.999203 Longitude: -104.615686

Footage at Surface: 295 Feet FNL 847 Feet FWL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 5853 County: WELD

GPS Data:
Date of Measurement: 11/10/2015 PDOP Reading: 1.3 Instrument Operator's Name: Rob Wilson

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

689 FNL 687 FWL 715 FNL 676 FWL

Sec: 24 Twp: 12N Rng: 65W Sec: 24 Twp: 12N Rng: 65W

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: 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.)

T12N - R65W: Sections 22: All, Section 24: N2SW, W2SE, SESE, Section 14: Lot 1-4.

Total Acres in Described Lease: 1320 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC-69690

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 676 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 352 Feet

Above Ground Utility: 3067 Feet

Railroad: 5280 Feet

Property Line: 295 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 _____ Feet (Enter 5280 for distance greater than 1 mile.)

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

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.)
J SAND	JSND			

DRILLING PROGRAM

Proposed Total Measured Depth: 9131 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: 1200 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? 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: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 442938 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	20	16		0	40	33	40	0
SURF	13+1/2	9+5/8	36	0	2300	1173	2300	0
1ST	8+3/4	7	26	0	9131	1103	9131	2100

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 Grynberg Petroleum Company intends to drill to the J-sand formation and test, if found economical the well will be completed. If J-sand is uneconomical the well will be plugged back and a Niobrara formation horizontal well will be drilled and completed.

Water Sampling Rule 609: No water wells within a 1/2 mile radius.

Well used for the nearest well measurements is a proposed well, no drilled well within 1,500 feet.

This application is in a Comprehensive Drilling Plan No 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: Randy Edelen

Title: Regulatory Manager Date: 3/21/2016 Email: r.edelen@grynberg.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: 3/11/2017

Expiration Date: 03/10/2019

API NUMBER
05 123 44404 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>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU for the first well activity with a rig on the pad and provide 48 hour spud notice for each subsequent well drilled on the pad.</p> <p>2) Comply with Rule 317.j and provide cement coverage from TD to a minimum of 200' above the Niobrara. Verify coverage with cement bond log.</p> <p>3) Operator has indicated that no oil based drilling fluids are to be used on this location.</p>
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Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Open-hole Resistivity with Gamma Ray Log will be run from TD into the surface casing. A Cement Bond with Gamma-Ray Log will be run on production casing or on intermediate casing if a production liner is run.

Total: 1 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

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401005062	FORM 2 SUBMITTED
401098417	DEVIATED DRILLING PLAN
401098420	DIRECTIONAL DATA
401101770	WELLBORE DIAGRAM
401108080	WELL LOCATION PLAT
401116303	SURFACE AGRMT/SURETY
401116304	OffsetWellEvaluations Data
401230956	OFFSET WELL EVALUATION

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review complete.	03/07/2017
Engineer	Only Abandoned Locations within 1500' of pilot.	02/28/2017
Permit	Requested corrected lease acreage and description and distance to lease. Operators corrected lease acreage, description, and distance to lease.	02/24/2017
Permit	Passes completeness.	09/22/2016
Permit	Per operator, right-to-construct should be SUA. SUA needs to be attached. Returned to draft.	09/21/2016
Permit	Returned to draft: -- Well Location Plat must include Top of Producing Zone and bottom hole location footage calls -- Top of Producing Zone is missing footage direction (E or W) -- Discrepancy between distance to nearest nonop well (1446') and box checked for "No offset well within 1500"	09/12/2016
Permit	Returned to draft: --need correct open hole logging BMP --need related 2A --SO is not MO, so cannot be committed to lease.	06/03/2016
Permit	Returned to draft. Well location tab does not match plat. If "is committed to an oil and gas lease" is marked, then "is the mineral owner beneath the location" should be marked. Please review. Need BMP addressing rule 317.p Open Hole Logging. Since right to construct is SUA, must be attached. Do you have a related 2A, needs to be listed on the related forms tab?	03/22/2016

Total: 8 comment(s)