

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:

401101956

APPLICATION FOR PERMIT TO:

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

Date Received:

09/08/2016

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER LATERALRefiling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☒Well Name: Rabbit Ears 0681Well Number: 1-23HName of Operator: SANDRIDGE EXPLORATION & PRODUCTION LLCCOGCC Operator Number: 10598Address: 123 ROBERT S KERR AVECity: OKLAHOMA CITYState: OKZip: 73102Contact Name: Spence LairdPhone: (405)4296518Fax: ()Email: slaird@sandridgeenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20160010

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 23 Twp: 6N Rng: 81W Meridian: 6Latitude: 40.476982Longitude: -106.454006
 Footage at Surface: 1720 Feet FNL 2246 Feet FEL
Field Name: WILDCATField Number: 99999Ground Elevation: 8308County: JACKSON

GPS Data:

Date of Measurement: 03/20/2016 PDOP Reading: 1.2 Instrument Operator's Name: ADLIf well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: 2440 FNL 2144 FWL 1673 FNL 607 FEL
 Sec: 23 Twp: 6N Rng: 81W Sec: 34 Twp: 6N Rng: 81W

LOCATION SURFACE & MINERALS & 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 ☐ IndianThe Minerals beneath this Oil and Gas Location will be developed by this Well: YesThe 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.)

T6N R81W Sec. 22 NE/4, NESE, W/2SW. Sec. 23 N/2, N/2SW, SWSW, part of SESW, NWSE. Sec. 27 NENE. Sec. 26 NW/4, SWNE, part of SENE, part of NWNE, N/2SW/4. Total of ~900 acres

This well will develop both fee and Federal minerals (COC070049 & 50) and has a BLM APD submitted too.

Total Acres in Described Lease: 900 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: 1738 Feet
Building Unit: 1738 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 965 Feet
Above Ground Utility: 1136 Feet
Railroad: 5280 Feet
Property Line: 996 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: 660 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 2440 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Rabbit Ears Unit Number: COC78026X

SPACING & FORMATIONS COMMENTS

A BLM fed unit has been submitted to the BLM for this area; therefore, a state spacing order has not been submitted for this area.
Spacing Order 531-40 reduced the setbacks of the Federal Order.

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			

DRILLING PROGRAM

Proposed Total Measured Depth: 16521 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: _____ 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 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:

Surface hole will use wbm and if those cuttings pass 910 levels may be reused beneficially. All other hole will be drilled with OBM and cuttings will be hauled to commercial disposal.

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	20	16	65	0	90	63	90	0
SURF	12+1/4	9+5/8	36	0	2400	577	2400	0
1ST	8+3/4	5+1/2	20	0	16521	2895	16521	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: This wellpad/location is located on private/fee surface and will drill and produce both fee and federal minerals. All minerals directly under the well pad and in sec 23 are private/fee minerals while the remainder of the wellbore is a combination of fee and fed (COC070049 & 50) minerals. A BLM APD has also been submitted to the BLM.

This application is in a Comprehensive Drilling Plan _____ No _____ CDP #: _____

Location ID: 449274

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: Spence Laird

Title: Regulatory Supervisor Date: 9/8/2016 Email: slaird@sandridgeenergy.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: 3/17/2017

Expiration Date: 03/16/2019

API NUMBER

05 057 06598 01

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

- 1) Operator shall comply with the most current revision of the Northwest Notification Policy.
- 2) Operator shall provide cement coverage from the production casing shoe (5 1/2" First String) to a minimum of 200' above the surface casing shoe. Verify production casing cement coverage with a cement bond log.
- 3) Minimum surface casing setting depth requirements: 50' below the base of the Coalmont Formation with the shoe in the Lance Formation. Full cement to surface is required for the surface casing; increase cement volume if necessary to accomplish that objective. Refer to COGCC's comment on this form regarding the operator's prognosed depth to the Lance Formation.

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 will be logged with openhole 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 (by API#, well name & number) the well in which openhole 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>
401101956	FORM 2 SUBMITTED
401102388	DIRECTIONAL DATA
401102403	DRILLING PLAN
401102404	DEVIATED DRILLING PLAN
401102405	DEVIATED DRILLING PLAN
401102406	DEVIATED DRILLING PLAN
401103926	MINERAL LEASE MAP
401106173	WELL LOCATION PLAT
401108304	SURFACE AGRMT/SURETY

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Passes final review. Corrected the lease description and total acreage in the described lease with Operator permission.	03/16/2017
Permit	Corrected the value for Sidetrack from "No" to "Yes" as this well is a horizontal sidetrack to the permitted pilot hole(Form 2#401102100). Passes initial review.	01/04/2017
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 450 feet. The Coalmont Formation is considered a potential freshwater resource in the North Park Basin (CGS Ground Water Atlas of Colorado, 2003). Operator's geologic prognosis shows that the proposed surface casing setting depth of 2400' will cover the entire Coalmont Formation. Surface casing coverage of the Coalmont Formation is required, as specified in Condition of Approval #3. Offset Well Evaluation: There are no existing offset oil and gas wells within 1,500 feet of this wellbore. Changed attachment labeled anti-collision waiver to deviated drilling plan (anticollision report).	10/25/2016
Permit	Passed completeness.	10/21/2016
Permit	Returned to draft. Well Location Plat is missing the TPZ footages. Waiting on a response from the Operator regarding the missing TPZ on the Well Location Plat.	09/23/2016
Permit	The Rabbit Ears 0681 1-23 must be sent to Final Approval and approved before submitting this APD, and the API # from the approved Pilot will be used for this proposed wellbore. The "-01" must be added to the API#.	09/22/2016
Permit	Returned to draft. The SUA is not signed.	09/13/2016

Total: 7 comment(s)