


<div>FORM 2 Rev 08/16</div>	<div>State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109</div>	<div></div>	<div>Document Number: 401190146</div>
<div>APPLICATION FOR PERMIT TO:</div> <div><input checked="" type="checkbox"/> Drill <input type="checkbox"/> Deepen <input type="checkbox"/> Re-enter <input type="checkbox"/> Recomplete and Operate</div>			<div>Date Received: 01/20/2017</div>
<div>TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER <input type="checkbox"/> PILOT HOLE <input type="checkbox"/></div> <div>ZONE TYPE SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/></div>		<div>Refiling <input type="checkbox"/></div> <div>Sidetrack <input type="checkbox"/></div>	
<div>Well Name: Suds Well Number: 8-67-36-25C</div> <div>Name of Operator: ENERPLUS RESOURCES (USA) CORPORATION COGCC Operator Number: 10177</div> <div>Address: 950 17TH STREET #2200</div> <div>City: DENVER State: CO Zip: 80202</div> <div>Contact Name: Jeff Annable Phone: (303)928-7128 Fax: (303)218-5678</div> <div>Email: regulatory@petro-fs.com</div>			
<div>RECLAMATION FINANCIAL ASSURANCE</div> <div>Plugging and Abandonment Bond Surety ID: 20110054</div>			
<div>WELL LOCATION INFORMATION</div> <div>QtrQtr: SESW Sec: 36 Twp: 8N Rng: 67W Meridian: 6</div> <div>Latitude: 40.611048 Longitude: -104.843942</div> <div>Footage at Surface: 206 Feet FSL 1909 Feet FWL</div> <div>Field Name: DJ HORIZONTAL NIOBRARA Field Number: 16950</div> <div>Ground Elevation: 5179 County: WELD</div> <div>GPS Data:</div> <div>Date of Measurement: 12/29/2016 PDOP Reading: 1.3 Instrument Operator's Name: Aaron Rivera</div> <div>If well is <input type="checkbox"/> Directional <input type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan.</div> <div>Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL</div> <div>Sec: Twp: Rng: Sec: Twp: Rng:</div>			
<div>LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT</div> <div>Surface Ownership: <input type="checkbox"/> Fee <input checked="" type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Indian</div> <div>The Surface Owner is: <input checked="" type="checkbox"/> is the mineral owner beneath the location.</div> <div>(check all that apply) <input checked="" type="checkbox"/> is committed to an Oil and Gas Lease.</div> <div> <input checked="" type="checkbox"/> has signed the Oil and Gas Lease.</div> <div> <input type="checkbox"/> is the applicant.</div> <div>The Mineral Owner beneath this Oil and Gas Location is: <input type="checkbox"/> Fee <input checked="" type="checkbox"/> State <input type="checkbox"/> Federal <input type="checkbox"/> Indian</div> <div>The Minerals beneath this Oil and Gas Location will be developed by this Well: No</div> <div>The right to construct the Oil and Gas Location is granted by: oil and gas lease</div> <div>Surface damage assurance if no agreement is in place: Surface Surety ID:</div>			

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.)

This is a pilot hole that will not be perf'd and/or produced.

Total Acres in Described Lease: _____ 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: _____ Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3493 Feet

Building Unit: 3597 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 3377 Feet

Above Ground Utility: 2115 Feet

Railroad: 5280 Feet

Property Line: 206 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

This is a pilot hole that will not be perf'd and/or produced.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)

DRILLING PROGRAM

Proposed Total Measured Depth: 7500 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: Recycle/reuse

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	24	20	92	0	80	179	80	0
SURF	13+1/2	9+5/8	36	0	1500	304	1500	0
OPEN HOLE	8+1/2			1500	7500			

☐ 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 is a pilot hole that will not be perf'd and/or produced.

This pilot hole is submitted along with a planned sidetrack, Suds 8-67-36-25C Form 2 Doc #401189552.

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: Jeff Annable

Title: Regulatory Analyst Date: 1/20/2017 Email: regulatory@petro-fs.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: 3/29/2017

Expiration Date: 03/28/2019

API NUMBER

05 123 44539 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

- 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.
- 2) Oil-based drilling fluid is to be used only after all aquifers are covered.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Material Handling and Spill Prevention	Implement a Spill Prevention Control and Countermeasures (SPCC) to prevent and address any releases from bulk oil storage located onsite.
2	Dust control	Operator shall employ practices for control of fugitive dust caused by their operations. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, restriction of construction activity during high- wind days, and silica dust controls when handling sand used in hydraulic fracturing operations. Additional management practices such as road surfacing, wind breaks and barriers may be used.
3	Emissions mitigation	Associated Gas Flaring BMP – Following the last stage of separation associated gas will flow through a liquid knockout drum to remove entrained liquid phases. Following the liquid knockout drum, associated gas will flow to a smokeless combustion device capable of a 98% control efficiency. The combustion device will be equipped with a continuous pilot gas flame and an auto-ignitor. Enerplus will comply with all applicable Colorado – Air Pollution Control Division requirements to ensure adequate design and operation of the control device is maintained.
4	Odor mitigation	Oil & gas facilities and equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.
5	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: 5 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>
401190146	FORM 2 SUBMITTED
401190166	OffsetWellEvaluations Data
401190328	WELL LOCATION PLAT
401246915	OFFSET WELL EVALUATION

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	03/29/2017
Permit	Surface Restoration Bond on file with SLB. Open Hole Logging BMP submitted by operator. Permitting Review Complete.	03/29/2017
Engineer	Evaluated Offset wells. 317.s compliant.	03/24/2017
Permit	ON HOLD: Emailed the State Land Board (SLB) for verification of Surface Restoration Bond.	03/21/2017
Permit	Passed completeness.	01/27/2017

Total: 5 comment(s)