

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:

401189552

APPLICATION FOR PERMIT TO:

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

Date Received:

01/20/2017

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER LATERALRefilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☒Well Name: SudsWell Number: 8-67-36-25CName of Operator: ENERPLUS RESOURCES (USA) CORPORATIONCOGCC Operator Number: 10177Address: 950 17TH STREET #2200City: DENVER State: CO Zip: 80202Contact Name: Jeff AnnablePhone: (303)928-7128Fax: (303)218-5678Email: regulatory@petro-fs.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20110054

WELL LOCATION INFORMATION

QtrQtr: SESW Sec: 36 Twp: 8N Rng: 67W Meridian: 6Latitude: 40.611048Longitude: -104.843942
 Footage at Surface: 206 Feet FSL 1909 Feet FWL
Field Name: WILDCATField Number: 99999Ground Elevation: 5179County: WELD

GPS Data:

Date of Measurement: 12/29/2016 PDOP Reading: 1.3 Instrument Operator's Name: Aaron RiveraIf well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL 655 FSL 1990 FWL 650 FNL 1990 FWL
 Sec: 36 Twp: 8N Rng: 67W Sec: 25 Twp: 8N Rng: 67W

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: 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 8 North, Range 67W, 6th PM
Section 36: W2

Total Acres in Described Lease: 320 Described Mineral Lease is: ☐ Fee ☒ State ☐ Federal ☐ Indian

Federal or State Lease # 2897.14

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 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: 400 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 650 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Nearest offset wellbore permitted or completed in the same formation is the proposed Liquid Bread 8-67-36-25C.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL	535-763	640	S 36:W2 & S 25:W2

DRILLING PROGRAM

Proposed Total Measured Depth: 16980 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: 1267 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
1ST	8+1/2	5+1/2	20	0	16980	2733	16980	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: Nearest permitted or existing wellbore belonging to another operator is the Lindstrom 24-8-67 1H API #05-123-34284.
This LATERAL is being submitted along with a planned pilot hole, Suds 8-67-36-25C Form 2 Doc #401190146.

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 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) 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) 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. 3) Operator has indicated that no oil based drilling fluids are to be used on this location. Oil-based drilling fluid is to be used only after all aquifers are covered
	Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release and prior to stimulation and 2) If a delayed completion, 6-7 months after rig release and prior to stimulation. 3) Within 30 days after first production, as reported on Form 5A.

Best Management Practices

No BMP/COA Type

Description

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.

Total: 4 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>
401189552	FORM 2 SUBMITTED
401189620	OffsetWellEvaluations Data
401189629	DIRECTIONAL DATA
401189630	DEVIATED DRILLING PLAN
401189632	WELL LOCATION PLAT
401246921	OFFSET WELL EVALUATION

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	03/24/2017
Permit	Surface Restoration Bond on file with SLB. Per operator added Spacing order 535-763. Permitting Review Complete.	03/24/2017
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)