

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
12/14/2016

TYPE OF WELL OIL GAS COALBED OTHER _____

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: East Sauls Creek 26 Well Number: 1-2

Name of Operator: BP AMERICA PRODUCTION COMPANY COGCC Operator Number: 10000

Address: 380 AIRPORT RD

City: DURANGO State: CO Zip: 81303

Contact Name: Naomi Azulai Phone: (970)375-7511 Fax: ()

Email: naomi.azulai@bp.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20010158

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 27 Twp: 35N Rng: 6W Meridian: N

Latitude: 37.274993 Longitude: -107.511624

Footage at Surface: 1552 Feet FNL/FSL 1623 Feet FEL/FWL

Field Name: IGNACIO BLANCO Field Number: 38300

Ground Elevation: 7340 County: LA PLATA

GPS Data:
Date of Measurement: 10/10/2016 PDOP Reading: 2.1 Instrument Operator's Name: KENNETH E. REA

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

1551 FNL 1597 FEL 1210 FNL 710 FEL

 Sec: 27 Twp: 35N Rng: 6W Sec: 26 Twp: 35N Rng: 6W

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: 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.)

See attached mineral lease map.

Total Acres in Described Lease: 2480 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # C0017340

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

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1076 Feet

Building Unit: 1076 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 2012 Feet

Above Ground Utility: 1602 Feet

Railroad: 5280 Feet

Property Line: 1015 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: 0 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 710 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Application to modify the spacing has been filed with the COGCC for the January, 2017 hearing.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
FRUITLAND COAL	FRLDC	112-262	480	N/2 S.26 & NE/4 S.27

DRILLING PROGRAM

Proposed Total Measured Depth: 8693 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? Yes

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 608

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
SURF	16	13+3/8	54	0	590	251	590	0
1ST	12+1/4	9+5/8	36	0	3100	581	3100	0
2ND	8+3/4	5+1/2	17	0	8693	1448	8693	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: Although the East Sauls Creek 1-2 well will produce some gas from the Fruitland Coal, it is intended primarily as a dewatering well for East Sauls Creek 1-1 well. As a result, the goal is for these two wells to intersect near their toes either directly or indirectly. Since intersection of these two wells is an acceptable outcome, we have proposed a 0' distance between these well completions. Anti-collision evaluations will be conducted on all other portions of the wellbores to prevent unintended intersections or collisions.

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

Location ID: 385898

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: Naomi Azulai

Title: Well Permitting Analyst Date: 12/14/2016 Email: naomi.azulai@bp.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: 4/28/2017

Expiration Date: 04/27/2019

API NUMBER
05 067 10000 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) Set at least 590' of surface casing per Rule 317 (g) cement to surface</p> <p>2) Sample and test two closest water wells within a 1/4 mile of that portion of the wellbore pathway that cuts through only the Fruitland Coal (Horizontal dimension – Top to bottom of pay) (see Cause 112 Orders 180-181) (see Policy-Ignacio Blanco Field – Notice to Operators 7/10/2009 and revised on 2/17/2011).</p> <p>3) If borehole problems occur while drilling and an unplanned sidetrack is required, the following shall apply:</p> <p>Receive after the fact approval to start the sidetrack from the COGCC SW Regional Engineer, Mark Weems and only during normal business hours (when practicable & do not delay drilling if mishap occurs during nighttime or off time hours). Only during normal business hours is it necessary for a company representative to subsequently provide an explanation as to what happened to the original borehole and what the plan is for the sidetrack.</p> <p>Contact Information: Mark Weems 970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p> <p>4) Contact COGCC Regional Engineer – Mark Weems when encountering kicks requiring a mud weight increase of 0.5 ppg to control the kick, unexpected water flows, and unexpected Hydrogen Sulfide.</p> <p>5) The two closest water wells within 1/4 mile radius of the proposed lateral shall be sampled (Cause 112 Orders 156-157 and rule 608 if not done previously).</p> <p>6) The two closest water wells within 1/4 mile radius of the proposed lateral shall be sampled & analyzed (Cause 112 Orders 156-157 and rule 608) if not done previously.</p>
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Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	One of the first wells drilled on the multi-well location will be logged with open-hole resistivity and gamma-ray logs from TD into the surface casing. The intermediate string for this well on the multi-well location will be logged with a cement bond log with cased-hole gamma-ray log from intermediate TD or the deepest depth possible using conventional wireline conveyance into the surface casing.
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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>
1857766	SELECTED ITEMS REPORT
401157876	FORM 2 SUBMITTED

401160019	WELL LOCATION PLAT
401160020	DEVIATED DRILLING PLAN
401160021	MINERAL LEASE MAP
401160022	OTHER
401160023	DIRECTIONAL DATA
401166765	WELLBORE DIAGRAM

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	04/27/2017
Permit	Added location ID Added drilling and spacing unit order, unit acreage, and unit configuration.	04/27/2017
Engineer	For purposes of determining which water wells are to be sampled and analyzed, a plat map was prepared depicting the location of all the proposed gas well laterals and includes a 1500' envelope of investigation drawn around all the well bore trajectories (see attached SELECTED ITEMS REPORT-Lat found in the pilot hole). No PA wells were found to exist within the 1320 ft of the lateral.	01/23/2017
Permit	Add location ID. Waiting on drilling and spacing unit order.	01/02/2017
Permit	Passed completeness.	12/15/2016
Permit	Returned to Draft: * For well that is 0' from completed portion of proposed wellbore to nearest completed portion of offset wellbore, need name of well and how distance was measured on Submit Tab. * Need Anti-Collision BMP on Operator BMP/COA tab.	12/15/2016

Total: 6 comment(s)