

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:
401198423

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
02/01/2017

TYPE OF WELL OIL GAS COALBED OTHER Horizontal
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: BHR Fed Well Number: J22-15-397-2RH
Name of Operator: AUGUSTUS ENERGY PARTNERS II LLC COGCC Operator Number: 10591
Address: 2016 GRAND AVENUE SUITE A
City: BILLINGS State: MT Zip: 59102
Contact Name: Duane Zimmerman Phone: (406)294-5990 Fax: (406)294-5992
Email: dzimmerman@augustusenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20150098

WELL LOCATION INFORMATION

QtrQtr: NWSE Sec: 22 Twp: 3N Rng: 97W Meridian: 6
Latitude: 40.211953 Longitude: -108.259610

Footage at Surface: 1733 Feet FNL/FSL FEL/FWL
FSL 1292 Feet FEL

Field Name: WILDCAT Field Number: 99999
Ground Elevation: 5890 County: RIO BLANCO

GPS Data:
Date of Measurement: 10/02/2014 PDOP Reading: 1.4 Instrument Operator's Name: K. Stewart

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
600 FSL 990 FEL 600 FNL 990 FEL
Sec: 22 Twp: 3N Rng: 97W Sec: 15 Twp: 3N Rng: 97W

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.)

The lease below the SHL is:
Sec. 22, T3N, R97W: E/2SW/4, SE/4
Sec. 23, T3N, R97W: NW/4SW/4, S/2S/2
Sec. 24, T3N, R97W: SW/4
Sec. 26, T3N, R97W: NE/4NE/4, SW/4

Total Acres in Described Lease: 800 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: 4625 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 906 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: 3051 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 4362 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Wiley Unit Number: COC75390X

SPACING & FORMATIONS COMMENTS

The nearest portion of a well completed in same formation is the Wiley #23-397 H1
Nearest unit boundary is the northwestern corner of Sec 27, T3N, R97W

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: 20279 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: ONSITE Cuttings Disposal Method: Cuttings trench

Other Disposal Description:

Cuttings may be disposed at a commercial disposal facility

Beneficial reuse or land application plan submitted? No

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	104	0	80			
SURF	12+1/4	9+5/8	36	0	3300	348	3300	0
1ST	8+3/4	7	32	0	9600	540	9600	0
2ND	6	4+1/2	13.5	9400	20279	568	20279	9400

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 The previously approved APD for this well was modified via sundry to be a pilot hole (API 05-103-11953).

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 430927

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: Brad Baum

Title: Project Manager II Date: 2/1/2017 Email: bbaum@kleinfelder.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: 4/28/2017

Expiration Date: 04/27/2019

API NUMBER
05 103 11953 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
	The Horizontal wellbore must be logged with a MWD log, and that log must be submitted on the Form 5, Completion Report, for the -01. The pilot hole will have an open hole resistivity log with GR and a CBL.
	1)Operator shall comply with the most current revision of the Northwest Notification Policy. 2)Operator shall provide cement coverage from the intermediate casing shoe (7" FIRST STRING) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (including Mesaverde Group) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by surface casing. Verify intermediate casing cement coverage with a cement bond log.

Best Management Practices

No BMP/COA Type

Description

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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>
401198423	FORM 2 SUBMITTED
401204271	DIRECTIONAL DATA
401204282	WELL LOCATION PLAT
401204598	DEVIATED DRILLING PLAN

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected the distance to the lease line from 457' to 0 with operator approval. Added the location ID number with operator approval. Operator re-affirmed that the well name on this form is correct and that the previously submitted Sundry changing the name to BHR Fee #J22-397 will not be used. Final review complete.	04/27/2017
Permit	Added Horizontal Sidetrack to well type for clarity. Lease description was previously submitted and covers entire wellbore. Ready to pass pending OGLA approval of 2A.	03/14/2017
Permit	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016).	03/14/2017
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 300 feet. COGCC's geologic map indicates Fort Union is at the surface at this location. Proposed surface casing setting depth of 3300 feet will not provide full coverage of the Mesaverde Group based on Operator's geologic prognosis. Minimum cement coverage requirements are specified in Condition of Approval #2. Offset Well Evaluation: There are no existing offset oil and gas wells within 1,500 feet of this wellbore.	02/27/2017
Permit	Passed completeness.	02/15/2017
Permit	With Operator approval - deleted Offset Well Evaluation attached spreadsheet, removed data from Offset Wells Evaluation tab and checked that no wells were within 1500'.	02/14/2017
Permit	Operator requested that form be sent back to draft in order to attach the offset well evaluation.	02/13/2017
Permit	Returning form to draft for proper information to be given for a sidetrack to the vertical well. The API was approved as a HZ wellbore and operator wants to do a vertical pilot hole first. Requested a form 4 to change the original APD from HZ to Vertical Pilot hole.	02/03/2017
Permit	Operator has requested some changes to the form. Returning the form to draft.	02/01/2017

Total: 9 comment(s)