

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:
401244556

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter **Recomplete and Operate**

Date Received:
04/11/2017

TYPE OF WELL OIL GAS COALBED OTHER CO2 Well
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: Sheep Mountain Unit Well Number: 4-26-E
Name of Operator: OXY USA INC COGCC Operator Number: 66561
Address: PO BOX 27757 #110
City: HOUSTON State: TX Zip: 77227-7757
Contact Name: Kimberly Rodell Phone: (303)942-0506 Fax: ()
Email: krodell@upstreampm.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20060139

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 26 Twp: 27S Rng: 70W Meridian: 6
Latitude: 37.670792 Longitude: -105.196472

Footage at Surface: 2082 Feet FNL/FSL FSL 123 Feet FEL/FWL FWL

Field Name: SHEEP MOUNTAIN Field Number: 77230

Ground Elevation: 9176 County: HUERFANO

GPS Data:
Date of Measurement: 06/24/2011 PDOP Reading: 1.2 Instrument Operator's Name: Jimmy Robert Stark

If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 1946 FNL 1421 FWL 1946 FNL 1421 FWL
Bottom Hole: FNL/FSL 1946 FNL 1421 FWL
Sec: 26 Twp: 27S Rng: 70W Sec: 26 Twp: 27S Rng: 70W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is:
(check all that apply) is the mineral owner beneath the location.
 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.)

T27S R70W Sec. 10: W2, SWSE; Sec. 23: All; Sec. 26: All

Total Acres in Described Lease: 1640 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC010646

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 1421 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 186 Feet
 Building Unit: 2968 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 5280 Feet
 Above Ground Utility: 272 Feet
 Railroad: 5280 Feet
 Property Line: 1550 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: 2196 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 3835 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Sheep Mountain Unit Number: COC47683X

SPACING & FORMATIONS COMMENTS

This well is covered under federal unit spacing. There is no COGCC spacing order for this location.

OBJECTIVE FORMATIONS

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

DRILLING PROGRAM

Proposed Total Measured Depth: 5700 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? 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 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:

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	16	40.5	0	180	500	180	0
SURF	14+3/4	10+3/4	45.5	0	1227	800	1227	
1ST	9+7/8	7+5/8	26.4	0	5697	1145	5697	

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 re-entry into a producing CO2 well. There will be no additional surface disturbance for these operations. The Dakota formation will be completed and commingled with the Entrada formation. The distance from the completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation was taken from the Oxy USA, Inc. Sheep Mountain Unit 9-26 well, API No. 05-055-06033. There is more than one mile between the distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells. Everything within a one mile radius is an Abandon Location with no well. The nearest building to this well is a compressor building located on the existing wellpad. The closest building unit is a private cabin that is not used as a full-time residential building. Water well testing is not required for a recompletion.

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

Location ID: 324500

Is this application being submitted with an Oil and Gas Location Assessment application? No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Kimberly Rodell

Title: Permit Agent Date: 4/11/2017 Email: krodell@upstreampm.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: 7/14/2017

Expiration Date: 07/13/2019

API NUMBER
05 055 06077 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.

<u>COA Type</u>	<u>Description</u>
	Run and submit cement bond log (CBL) verifying top of cement 200' above proposed Dakota recompletion.

Best Management Practices

<u>No BMP/COA Type</u>	<u>Description</u>

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>
401244556	FORM 2 SUBMITTED
401250804	WELLBORE DIAGRAM
401256532	DRILLING PLAN
401342192	DIRECTIONAL DATA

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator submitted directional data template, which has been uploaded. Rule 609 dropdown selected. Final Review Completed. No LGD or public comment received.	07/14/2017
Permit	Per operator request: 1) Corrected surface & minerals tab 2) Corrected distance to nearest above ground utility. 3) Corrected nearest well API in operator comments. 4) Corrected distance to nearest well belonging to another operator.	07/07/2017
Permit	1) Missing directional survey/data. 2) Is O&G lease signed? 3) Check distance to nearest above ground utility. 4) Check nearest well API in operator comments. 5) Check distance to nearest well belonging to another operator. 6) Water well sampling rule is blank.	05/11/2017
Permit	Passed Completeness	04/18/2017

Total: 4 comment(s)