

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:

401416174

APPLICATION FOR PERMIT TO:

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

Date Received:

09/28/2017

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Trail Gulch Unit 1090

Well Number: #30-H1

Name of Operator: GUNNISON ENERGY LLC

COGCC Operator Number: 10515

Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

Contact Name: Heather Lang

Phone: (303)296-2752

Fax: (303)296-4555

Email: Heather.lang@oxbow.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 30 Twp: 10S Rng: 90W Meridian: 6

Latitude: 39.157036

Longitude: -107.477597

Footage at Surface: 946 Feet FNL/FSL FSL 1942 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 8115

County: GUNNISON

GPS Data:

Date of Measurement: 10/16/2017 PDOP Reading: 1.2 Instrument Operator's Name: Martin Pierce

If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 1645 FEL 2531 FNL 835 FEL
 Sec: 30 Twp: 10S Rng: 90W Sec: 19 Twp: 10S Rng: 90W

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 ☐ 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.)

Section 18: All, Section 19: All, Section 30: All, excluding HES 255; All in T10S, R90W, 6th P.M. Oil and gas lease was originally 2069 Acres, but due to re-survey done in 2016, acres are now 2075 as noted below.

Total Acres in Described Lease: 2075 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC13600

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 1106 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3383 Feet

Building Unit: 3383 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: 2355 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 5280 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Trail Gulch Unit Number: COC78145X

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

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

DRILLING PROGRAM

Proposed Total Measured Depth: 17857 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: UIC Disposal

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	26	20	94	0	80	200	80	0
SURF	17+1/2	13+3/8	54.5	0	900	535	900	0
1ST	12+1/4	9+5/8	43.5	0	6200	1450	6200	0
2ND	8+1/2	5+1/2	20	0	17857	2250	17857	3000

☐ 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 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: Heather Lang

Title: Office Mgr & Lse Analyst Date: 9/28/2017 Email: Heather.Lang@oxbow.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: 1/27/2018

Expiration Date: 01/26/2020

API NUMBER

05 051 06155 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)Operator shall comply with the most current revision of the Northwest Notification Policy. 2)Salt-based drilling fluid is to be used only after all fresh water aquifers are covered. 3)Operator shall provide cement coverage from the intermediate casing shoe (9+5/8" FIRST STRING) to a minimum of 200' above the surface casing shoe and from the production casing shoe (5+1/2" SECOND STRING) to a minimum of 200' above the intermediate casing shoe to provide isolation of all Cretaceous (Ohio Creek and Mesaverde) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered. Casing cement coverage verification by CBL is required for first-string casing and non-horizontal section of production string.
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Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	One of the first wells drilled on the pad, will be logged with open-hole 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 the well (by API#, well name and number) in which open-hole logs were run.
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Total: 1 comment(s)

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

Att Doc Num

Name

2168298	WELL LOCATION PLAT
401416174	FORM 2 SUBMITTED
401416211	DEVIATED DRILLING PLAN
401416216	DIRECTIONAL DATA
401496271	OffsetWellEvaluations Data
401496276	OffsetWellEvaluations Data
401528043	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator has made changes to the 2A that have affected this well. The following corrections have been made. Lat/Long : From 39.157175/-107.477325 to 39.157036/-107.477597 SHL: From 998' FSL & 4358' FWL to 946' FSL & 1942' FEL TOPZ: From 4576' FWL to 1645' FEL New Well Location Plat uploaded. Final review complete.	01/18/2018
Permit	Requested clarification on building that is 400+/- to the south of this pad.	01/11/2018
OGLA	01/08/18 - revised: Footage at surface from 4358 feet FWL to 1942 feet FEL and from 998 feet FSL to 946 feet FSL based on COGCC's review of the Well Location Plat attachments to this Form 2 #401416174 (made same revision to the Form 2A #401411667);	01/08/2018
Permit	Removed plugging bond with operator concurrence. Preliminary review complete.	12/19/2017
Engineer	Deviated drilling plan shows 9 5/8" setting depth of 5100'. There is one offset well within 1,500 feet. Emailed operator. Offset water well check: There are no permitted water wells within one mile of this proposed surface hole location. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required. 12/27: uploaded offset well spreadsheet provided by operator. Operator states that the 6200' depth is correct for the 9 5/8" casing string.	12/15/2017
Permit	Passed Completeness.	12/06/2017
Permit	Returned to draft for: - attachment "OIL & GAS LEASE": must have all dollar amounts redacted or document removed	12/06/2017
Permit	Returned to draft for: - "Well Location" tab: Instr. Op.'s Name does not match the "Surveyed By" name on the PLAT - box on "Submit" tab for "This application is included as part of a location assessment" is "YES", but the "Related Forms" tab is blank. Either the box needs to be NO or the related forms need to be added.	10/05/2017

Total: 8 comment(s)