



**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 1 North, Range 65 West, 6th P.M.  
 Section 8: S/2 and NE/4  
 Section 9: NW/4 and that part of the SW/4 lying west of the Beebe Canal  
 Weld County, Colorado

Total Acres in Described Lease: 722 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: 572 Feet  
 Building Unit: 572 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 337 Feet  
 Above Ground Utility: 235 Feet  
 Railroad: 5280 Feet  
 Property Line: 338 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: 12/01/2017

**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: 84 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 475 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

**SPACING & FORMATIONS COMMENTS**

T1N-R65W; 8: SESW; 17: E2W2; 20: E2W2; 29: E2NW

**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           |                         | 440                           | GWA                                  |

## DRILLING PROGRAM

Proposed Total Measured Depth: 20367 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: 269 Feet  No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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 318A

## 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:

Please see Comments section. Disposal description will not fit in space provided.

Beneficial reuse or land application plan submitted? Yes

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           | 16             | 36.94 | 0             | 80            | 64        | 80      | 0       |
| SURF        | 13+1/2       | 9+5/8          | 36    | 0             | 1500          | 590       | 1500    | 0       |
| 1ST         | 7+7/8        | 5+1/2          | 17    | 0             | 20357         | 2423      | 20357   |         |

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

Drilling fluids disposal: KMG will reuse water-based drilling fluids to the maximum extent possible, at which point they will either be land applied or taken to a licensed, commercial disposal site; the decision will be based upon laboratory analysis of fluids. KMG will reuse oil-based drilling fluids to the maximum extent possible, at which point they will be returned to the fluids manufacturer for reconditioning or disposal at a licensed, commercial disposal site.

Cuttings disposal: Water-based cuttings will be disposed of using a Centralized E&P Waste Management facility or a private spread field, depending on what is feasible at the time of drilling. Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site.

The following well(s) belong to Kerr-McGee and will have treated intervals within one hundred fifty (150) feet of this proposed well:  
GREEN 2C8HZ  
LULU XX08-14D  
ENGLISH FARMS 36N-8HZ

The following well(s) are not within 150' of KMG's proposed well, however may appear to be less than 150' in 2D view:  
GREEN 5N-8HZ

The nearest well in the same formation is the GREEN 2C-8HZ WELL at 84 feet. Distance was determined in three dimensions through anti-collision analysis.

This application is in a Comprehensive Drilling Plan No 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: LISA SCHINDLER

Title: SR. REGULATORY ANALYST Date: 1/5/2018 Email: DJREGULATORY@ANADARK

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: 3/24/2018

Expiration Date: 03/23/2020

**API NUMBER**  
05 123 46589 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>  |
|-----------------|---|
|                 | Operator acknowledges the proximity of the non-operated listed well. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.<br>05-123-12214, JOHNSTON ET AL 20-1                                       |
|                 | Operator acknowledges the proximity of the listed wells. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.<br>05-123-08365, CHARLES M BROWN GAS UNIT 1 ALL<br>05-123-08402, GERALD PICKERING GU 1 |
|                 | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad.<br>2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.<br>3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.  |
|                 | Bradenhead tests shall be performed according to the following schedule and the Form 17 submitted within 10 days of each test:<br>1) Within 60 days of rig release and prior to stimulation and<br>2) If a delayed completion, 6 months after rig release and prior to stimulation.<br>3) Within 30 days after first production, as reported on Form 5A.  |

## Best Management Practices

| No | <u>BMP/COA Type</u>                    | <u>Description</u>  |
|----|--|---|
| 1  | Material Handling and Spill Prevention | 605.c.(1) Special Equipment: Wells will be equipped with automatic control valves and will continuously be monitored by the Integrated Operations Center (IOC) such that if a sudden change in pressure is detected the well will be shut in and fail safe.   |
| 2  | Drilling/Completion Operations         | Kerr-McGee acknowledges and will comply with the COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.   |
| 3  | Drilling/Completion Operations         | Anti-Collision: Kerr-McGee will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within one hundred fifty (150) feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators within one hundred fifty (150) feet prior to drilling.   |
| 4  | Drilling/Completion Operations         | 317.p Logging Program: 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 (by API#, well name & number) the well in which open-hole logs were run. |
| 5  | Drilling/Completion Operations         | 604c.(2).H. BOPE: Our rigs at a minimum will have a double ram with blind and pipe ram and annular preventer.   |
| 6  | Drilling/Completion Operations         | 604c.(2).I. BOPE Testing for Drilling Operations: BOPEs will be tested upon rig-up and, at a minimum, every 30 days.  |
| 7  | Drilling/Completion Operations         | 604c.(2).J. BOPE for Well Servicing Operations: Blowout prevention equipment will be used on any servicing operations associated with this well. Backup stabbing valves will be used during any future servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using low-pressure air and high-pressure fluid.  |
| 8  | Drilling/Completion Operations         | 604c.(2).L. Drill Stem Tests: No drill stem tests are planned and none will be performed without prior approval from the Director.  |

Total: 8 comment(s)

### Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.  
[http://cogcc.state.co.us/documents/reg/Policies/Wildlife\\_Notice.pdf](http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf)

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.  
<http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf>

### Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u>                |
|--------------------|----------------------------|
| 401496259          | FORM 2 SUBMITTED           |
| 401496487          | WELL LOCATION PLAT         |
| 401496488          | PROPOSED SPACING UNIT      |
| 401496502          | EXCEPTION LOC WAIVERS      |
| 401496503          | DEVIATED DRILLING PLAN     |
| 401496505          | DIRECTIONAL DATA           |
| 401496506          | SURFACE AGRMT/SURETY       |
| 401496507          | LEASE MAP                  |
| 401502792          | OffsetWellEvaluations Data |

|           |                        |
|-----------|------------------------|
| 401503651 | EXCEPTION LOC REQUEST  |
| 401585616 | OFFSET WELL EVALUATION |

Total Attach: 11 Files

### General Comments

| <u>User Group</u> | <u>Comment</u>   | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit            | Final review complete.   | 03/19/2018          |
| Permit            | Operator certifies that the attached lease map incorrectly reports the lease acreage as 361, while the acreage depicted in yellow on the map diagram is accurate, showing the gross acreage as 722 acres. With Operator concurrence, corrected total acres in described lease from 361 to 722 on Surface/Minerals tab. | 03/19/2018          |
| Permit            | Corrections made with Operator concurrence:<br>- removed surface-related BMPs (Closed Loop System, Green Completions, Pit Level Indicators, Lighting)<br>- added Form 2A doc # on Related Forms tab.<br><br>Permitting review complete.  | 03/07/2018          |
| Permit            | Status Pending - contacted Operator for the following:<br>- delete surface-related BMPs.<br>- add Related Forms 2A doc #.  | 03/06/2018          |
| Engineer          | Emailed COAs for mitigation- waiting on response from operator.  | 02/28/2018          |
| Permit            | Passed Completeness.<br>Review "Related Forms" tab during technical review.  | 01/11/2018          |

Total: 6 comment(s)