

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:
402493040

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____

Refiling ☒

Date Received:
10/21/2020

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: State Seventy Holes

Well Number: 31-34-5HNB

Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC

COGCC Operator Number: 8960

Address: 410 17TH STREET SUITE #1400

City: DENVER

State: CO

Zip: 80202

Contact Name: Kate Miller

Phone: (720)440-6116

Fax: ()

Email: regulatory@bonanzacrk.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120018

WELL LOCATION INFORMATION

QtrQtr: NENW Sec: 5 Twp: 4N Rng: 62W Meridian: 6

Latitude: 40.347390

Longitude: -104.350380

Footage at Surface: 584 Feet FNL/FSL FNL 2631 Feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4535

County: WELD

GPS Data: GPS Quality Value: 1.6 Type of GPS Quality Value: PDOP Date of Measurement: 09/22/2018

Instrument Operator's Name: Duncan Hotchkiss

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

10 FNL 1809 FEL 140 FNL 1776 FEL

Sec: 5 Twp: 4N Rng: 62W Sec: 8 Twp: 4N Rng: 62W

LOCAL GOVERNMENT INFORMATION

County: WELD

Municipality: N/A

Per § 34-60-106 (1)(f)(I)(A), the following questions pertain to the "local government with jurisdiction to approve the siting of the proposed oil and gas location."

The local government with jurisdiction is: County

Does the local government with jurisdiction regulate the siting of Oil and Gas Locations, with respect to this location? If the local government does regulate the siting, but has waived its right to precede the COGCC in siting determination, indicate by selecting "YES" here and selecting "Waived" for the disposition below.

☒ Yes ☐ No

If yes, in checking this box, I hereby certify that an application has been filed with the local government with jurisdiction to approve the siting of the proposed oil and gas location.

☒

The local government siting permit type is: WOGLA

The local government siting permit was filed on: 07/12/2019

The disposition of the application filed with the local government is: Approved

Additional explanation of local process:

WOGLA19-0161 approved 10/25/2019

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: Surface Use Agreement

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.)

T4N-R62W Sec 5: All aka Lots 1 and 2, S/2N/2, S/2
T5N-R62W Sec 29: All
And Other Lands

Total Acres in Described Lease: 8115 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: 5280 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: 584 Feet

School Facility: 5280 Feet

School Property Line: 5280 Feet




Child Care Center: 5280 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, Designated Outside Activity Area, School Facility, and Child Care Center – 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: 197 Feet

| | | |
|--|-----|---|
| Distance from Completed Portion of Wellbore to Nearest Unit Boundary | 483 | Feet (Enter 5280 for distance greater than 1 mile.) |
|--|-----|---|

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

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit:
Township 4N, Range 62W (Weld County)
Section 5: W2E2
Section 8: NWNE
Township 5N, Range 62W (Weld County)
Section 32: SWSE, SESW

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number:

OBJECTIVE FORMATIONS

| <u>Objective Formation(s)</u> | <u>Formation Code</u> | <u>Spacing Order Number(s)</u> | <u>Unit Acreage Assigned to Well</u> | <u>Unit Configuration (N/2, SE/4, etc.)</u> |
|-------------------------------|-----------------------|--------------------------------|--------------------------------------|---|
|-------------------------------|-----------------------|--------------------------------|--------------------------------------|---|

| | | | | |
|----------|------|--|-----|-----|
| NIOBRARA | NBRR | | 286 | GWA |
|----------|------|--|-----|-----|

DRILLING PROGRAM

Proposed Total Measured Depth: 12360 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 318A

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? 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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF | 13+1/2 | 9+5/8 | 36 | 0 | 1450 | 511 | 1450 | 0 |
| 1ST | 8+1/2 | 5+1/2 | 17 | 0 | 12360 | 2177 | 12360 | |

☒ 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 pad has not been built and has a valid Form 2A.

The following changes from the previously approved Form 2 are being made via this refile: The Qtr-Qtr was changed from NENW to Lot 2 as reflected in the Well Location Plat previously submitted (Doc#401827170). The surface casing set depth was updated to 1450' MD. The previously submitted Deviated Drill Plan (Doc#401972764) reflects this depth. BMPs were updated to remove operator name, however no substantial changes were made. The Windows/Twinning exception location waiver (doc#401828016) was submitted with the original approved Form 2 (doc# 401825383). The nearest well in the same formation has been updated based on GIS review, see details below. The 2015 SUA has been attached as a supplemental document to the originally submitted 2018 SUA Memorandum (doc#401972740).

The Seventy Holes 34-5 [API: 123-35670], operated by Bonanza Creek Energy, is the nearest well in the same formation, the distance was measured in 2D.

No wells owned by other operators are Producing, Temporarily Abandoned, or Shut-In within 150' of this wells productive lateral, therefore stimulation setback consent is not needed.

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

Location ID: 445479

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: Ashley Noonan

Title: Sr. Regulatory Analyst Date: 10/21/2020 Email: anoonan@progressivepcs.net

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, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved:  _____ Director of COGCC Date: 12/29/2020

Expiration Date: 12/28/2022

API NUMBER

05 123 50643 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> |
|--------------------------------|---|
| Drilling/Completion Operations | If location is not built by 2A expiration 03/31/2022, Operator must Refile Form 2A for approval prior to location construction. |
| Drilling/Completion Operations | Per COGCC Order 1-232, Bradenhead tests shall be performed according to the following schedule and Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 2) If a delayed completion, 6 months after rig release and prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance. |
| Drilling/Completion Operations | 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. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered. |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|--|
| 1 | Drilling/Completion Operations | Operator will comply with the "COGCC Policy for Bradenhead Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012. |
| 2 | Drilling/Completion Operations | Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well path with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottom hole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. |
| 3 | Drilling/Completion Operations | One of the first wells drilled on the pad will be logged with an open-hole resistivity log and gamma-ray, from the kick-off point into the surface casing. All wells on the pad will have a cement bond log (CBL) 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 "Alternative Logging Program - No open-hole logs were run" and shall clearly identify the type of log and the well (by API#) in which open-hole logs were run. |
| 4 | Drilling/Completion Operations | If location is not constructed by 2A expiration (3/31/2022), a refile Form 2A must be approved prior to location construction. |

Total: 4 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

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

Attachment List

| <u>Att Doc Num</u> | <u>Name</u> |
|--------------------|----------------------------|
| 2350003 | PROPOSED SPACING UNIT |
| 402493040 | FORM 2 SUBMITTED |
| 402498997 | SURFACE AGRMT/SURETY |
| 402505792 | OffsetWellEvaluations Data |
| 402562582 | OFFSET WELL EVALUATION |

Total Attach: 5 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit | Final Review Completed. | 12/29/2020 |
| Permit | The Form 2A #401825398 for the location, ID #445479, was approved prior to implementation of SB 19-181. The Director approved a new Form 2 for the location on 12/12/2019 under the statutory authority provided through SB 19-181, including the Objective Criteria. The well proposed by this related Form 2 was contemplated during COGCC's review of the Form 2A and the mitigation measures that were applied during the subsequent Objective Criteria Review for the location. The Objective Criteria Review Memo (Doc# 1347711) can be found in the document file for this Location. | 12/29/2020 |
| Permit | Passed Permitting. <ul style="list-style-type: none">• On Submit tab, 2018 SUA Memorandum doc# corrected from 401828903 to 401972740.• SLB has no concerns with this application.• Uploaded Proposed Spacing Unit with unit outlined as doc 02350003.• "Distance from completed portion of wellbore to nearest unit boundary" corrected from 460' to 483' with operator concurrence.• Removed comment with operator concurrence: "The Mineral Lease Description was updated to reflect the Fee lease description".• Qtr/Qtr corrected per standard COGCC process. | 12/18/2020 |
| Engineer | Offset wells evaluated. | 11/30/2020 |
| Permit | Passed Completeness. | 10/30/2020 |

Total: 5 comment(s)