

FORM
2

Rev
12/20

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:

402699814

Date Received:

05/25/2021

APPLICATION FOR PERMIT TO:

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

Amend ☐

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: UNPLANNED SIDETRACK

Refill ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☒

Well Name: BLEHM ST Well Number: 7X-HNC-10-07-67
Name of Operator: NICKEL ROAD OPERATING LLC COGCC Operator Number: 10669
Address: 1600 STOUT STREET SUITE 1850
City: DENVER State: CO Zip: 80202
Contact Name: Erin Lind Phone: (314)374-5572 Fax: ()
Email: erin.lind@nickelroadoperating.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20200034

WELL LOCATION INFORMATION

Surface Location

QtrQtr: NENE Sec: 9 Twp: 7N Rng: 67W Meridian: 6
Footage at Surface: 572 Feet FNL/FSL 714 Feet FEL/FWL
Latitude: 40.594387 Longitude: -104.891201
GPS Data: GPS Quality Value: 2.1 Type of GPS Quality Value: PDOP Date of Measurement: 11/14/2020
Ground Elevation: 5088
Field Name: WATTENBERG Field Number: 90750

Well Plan: is ☐ Directional ☒ Horizontal (highly deviated) ☐ Vertical

If Well plan is Directional or Horizontal attach Deviated Drilling Plan and Directional Data.

Subsurface Locations

Top of Productive Zone (TPZ)

Sec: 9 Twp: 7N Rng: 67W Footage at TPZ: 1100 FSL 460 FWL
Measured Depth of TPZ: 10287 True Vertical Depth of TPZ: 7024 FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 10 Twp: 7N Rng: 67W Footage at BPZ: 1100 FSL 460 FEL
Measured Depth of BPZ: 19888 True Vertical Depth of BPZ: 7093 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 10 Twp: 7N Rng: 67W Footage at BHL: 1100 FSL 460 FEL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: WELDMunicipality: N/A

Is the Surface Location of this Well in an area designated as one of State interest and subject to the requirements of § 24-65.1-108 C.R.S.? Yes

Per § 34-60-106(1)(f)(I)(A) C.R.S., the following questions pertain to the Relevant Local Government approval of the siting of the proposed Oil and Gas Location.

SB 19-181 provides that when "applying for a permit to drill," operators must include proof that they sought a local government siting permit and the disposition of that permit application, or that the local government does not have siting regulations. § 34-60-106(1)(f)(I)(A) C.R.S.

Does the Relevant Local Government regulate the siting of Oil and Gas Locations, with respect to this Location? ☒ 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 disposition of the application filed with the Relevant Local Government is: Approved Date of Final Disposition: 10/15/2020

Comments: 1041WOGLA20-0076

SURFACE AND MINERAL OWNERSHIP AT WELL'S OIL & GAS LOCATION

Surface Owner of the land at this Well's Oil and Gas Location: ☒ Fee ☐ State ☐ Federal ☐ Indian

Mineral Owner beneath this Well's Oil and Gas Location: ☒ Fee ☐ State ☐ Federal ☐ Indian

Surface Owner Protection Financial Assurance (if applicable): _____ Surety ID Number (if applicable): _____

MINERALS DEVELOPED BY WELL

The ownership of all the minerals that will be developed by this Well is (check all that apply):

- ☒ Fee
☐ State
☐ Federal
☐ Indian
☐ N/A

LEASE INFORMATION

Using standard QtrQtr, Section, Township, Range format describe one entire mineral lease as follows:

* If this Well is within a unit, describe a lease that will be developed by the Well.

* If this Well is not subject to a unit, describe the lease that will be produced by the Well.

(Attach a Lease Map or Lease Description or Lease if necessary.)

T7N-R67W-SEC.10: S/2

Total Acres in Described Lease: 320 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 2016 Feet
Building Unit: 2016 Feet
Public Road: 560 Feet
Above Ground Utility: 530 Feet
Railroad: 5280 Feet

INSTRUCTIONS:

- Specify all distances per Rule 308.b.(1).
- 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 – as defined in 100 Series Rules.

Property Line: 544 Feet

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	407-2905	640	Sec.9 & 10: S/2

Federal or State Unit Name (if appl):

Unit Number:

SUBSURFACE MINERAL SETBACKS

Enter 5280 for distance greater than 1 mile.

Is this Well within a unit? Yes

If YES:

Enter the minimum distance from the Completed Zone of this Well to the Unit Boundary: 460 Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well within the same unit permitted or completed in the same formation: 210 Feet

If NO:

Enter the minimum distance from the Completed Zone of this Well to the Lease Line of the described lease: Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well producing from the same lease and permitted or completed in the same formation: Feet

Exception Location

☐ If this Well requires the approval of a Rule 401.c Exception Location, enter the Rule or spacing order number and attach the Exception Location Request and Waivers.

SPACING & FORMATIONS COMMENTS

DRILLING PROGRAM

Proposed Total Measured Depth: 19888 Feet

TVD at Proposed Total Measured Depth 7093 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: 490 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 Plan unless a plan was already submitted with the Form 2A per Rule 304.c.(10).

Will there be hydraulic fracture treatment at a depth less than 2,000 feet in this well? No

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

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

<u>Casing Type</u>	<u>Size of Hole</u>	<u>Size of Casing</u>	<u>Grade</u>	<u>Wt/Ft</u>	<u>Csg/Liner Top</u>	<u>Setting Depth</u>	<u>Sacks Cmt</u>	<u>Cmt Btm</u>	<u>Cmt Top</u>
CONDUCTOR	24	16	N/A	42	0	80	100	80	0
SURF	13+1/2	9+5/8	K55	36	0	1728	625	1728	0
1ST	8+1/2	5+1/2	HCP110	20	0	19888	2570	19888	1000

POTENTIAL FLOW AND CONFINING FORMATIONS

<u>Zone Type</u>	<u>Formation /Hazard</u>	<u>Top M.D.</u>	<u>Top T.V.D.</u>	<u>Bottom M.D.</u>	<u>Bottom T.V.D.</u>	<u>TDS (mg/L)</u>	<u>Data Source</u>	<u>Comment</u>
Groundwater	LARAMIE-FOX HILLS	0	0	139	139	1001-10000	Other	CSU - Domestic Water Analysis Report - Larry Moore Well - 176559
Groundwater	UPPER PIERRE	300	300	1314	1314	1001-10000	Other	Water Quality and the Presence and Origin of Methane in the Upper Pierre Aquifer in Northeastern Weld County, Morgan County and Logan County, Colorado COGCC Project Number 2141 October 2017
Confining Layer	PIERRE SHALE	1314	1314	4851	4207			
Hydrocarbon	SUSSEX	4851	4207	5544	4556			
Hydrocarbon	SHANNON	5544	4556	5602	4585			
Confining Layer	PIERRE SHALE	5602	4585	9800	6822			
Hydrocarbon	NIOBRARA	9800	6822	19888	7093			Btm MD=TD, Btm TVD=TVD @ BHL

<p>Comments</p>	<p>Unplanned Sidetrack Required Info:</p> <ul style="list-style-type: none"> a. While drilling ahead in the tangent section of the well, we experienced a sudden increase in pressure that prohibited us from continuing to drill. After conditioning the hole, we tripped to surface to inspect the BHA and discovered that the bit and part of the motor had twisted off of the assembly. b. We reached a total MD of 7,942' in the wellbore being plugged back. c. Casing set in the hole is 9-5/8" 36# surface casing at 1,728' MD. d. Fish in the hole is 8.5" bit, rotor, and bearing section of motor. Bottom MD is 7,942' / top MD is 7,922'. e. No plugs proposed f. No cement proposed g. Sidetrack KOP = 7,124' MD h. Objective formation = same as permitted (Niobara C Chalk) i. BHL target = same as permitted j. Diana Burn granted verbal approval to sidetrack on 5/25/21. <p>None of the interwell distances from the original APD have changed.</p> <p>Distance from completed portion to nearest completed portion of wellbore permitted/completed in the same formation measured to the proposed Blehm 8X-HNC-10-07-67 in 3D anti-collision.</p> <p>Distance to nearest wellbore belonging to another operator measured to the K&M Co. #1 (Vessels, PA, 05-123-10841) in 2D map view.</p>
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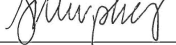
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Erin Lind

Title: Senior Regulatory Analyst Date: 5/25/2021 Email: erin.lind@nickelroadoperating.c

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: 5/26/2021
Expiration Date: 05/25/2024

API NUMBER

05 123 51476 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.

Condition of Approval

<u>COA Type</u>	<u>Description</u>
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	Operator acknowledges the proximity of the listed non-operated well: Operator agrees to: provide mitigation option 3 (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") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of these wells. K&M CO #1-10 (API NO 123-14474)
2 COAs	

Best Management Practices

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

Applicable Policies and Notices to Operators

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>
402699814	FORM 2 SUBMITTED
402700042	CORRESPONDENCE
402700077	WELLBORE DIAGRAM

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	The Oil and Gas Location, its associated Form 2A materials, and the Form 2 Application for Permit to Drill were fully reviewed and approved prior to the commencement of drilling operations for this well. Because this is an application for an unplanned sidetrack with drilling in progress, an Oil and Gas Location Assessment review is not applicable to this ongoing operation.	05/26/2021
Permit	Final Review Completed.	05/26/2021
Engineer	Offset Wells Evaluated.	05/25/2021
Permit	Corrected the API number on the Submit tab to end in -01 Corrected the Location ID on the Submit tab to 478497	05/25/2021

Total: 4 comment(s)