

FORM

2

Rev
05/22

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:

402928839

Date Received:

07/13/2022

APPLICATION FOR PERMIT TO

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate
Amend ☐
 TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER: _____
Refile ☐
 ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐
Sidetrack ☐

Well Name: TEP Well Number: WMC 11-19-793

Name of Operator: TEP ROCKY MOUNTAIN LLC COGCC Operator Number: 96850

Address: 1058 COUNTY ROAD 215

City: PARACHUTE State: CO Zip: 81635

Contact Name: Jeff Kirtland Phone: (970)263-2736 Fax: ()

Email: jkirtland@terraep.com

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

COGCC Financial Assurance

☒ The Operator has provided or will provide Financial Assurance to the COGCC for this Well.Surety ID Number (if applicable): 20160057

Federal Financial Assurance

☐ In checking this box, the Operator certifies that it has provided or will provide at least this amount of Financial Assurance to the federal government for this Well. (Per Rule702.a.)

Amount of Federal Financial Assurance \$ _____

WELL LOCATION INFORMATION

Surface Location

QtrQtr: LOT 2 Sec: 19 Twp: 7S Rng: 93W Meridian: 6
 Footage at Surface: 2138 Feet FNL 973 Feet FWL
Latitude: 39.426520 Longitude: -107.822534GPS Data: GPS Quality Value: 2.4 Type of GPS Quality Value: PDOP Date of Measurement: 08/04/2021Ground Elevation: 8563Field Name: RULISON Field Number: 75400Well 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: 19 Twp: 7S Rng: 93W Footage at TPZ: 288 FNL 690 FWLMeasured Depth of TPZ: 7864 True Vertical Depth of TPZ: 7608 FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 19 Twp: 7S Rng: 93W Footage at BPZ: 288 FNL 690 FWL
Measured Depth of BPZ: 10789 True Vertical Depth of BPZ: 10533 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 19 Twp: 7S Rng: 93W Footage at BHL: 288 FNL 690 FWL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: GARFIELD Municipality: 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.? No

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: _____ Date of Final Disposition: _____

Comments: The Honea 19-05 pad is located within Lot 2 of Section 19, Township 7 South, Range 93 West, 6th P.M. on private land owned by TEP, in Garfield County, Colorado. TEP notified Garfield County, the Relevant Local Government with jurisdiction over the siting of the proposed oil and gas location on January 7, 2022. Per the Garfield County Land Use and Development Code, Division 2. 9-201, Oil and Gas Code, an Oil and Gas Permit is not required for locations that do not require an Alternative Location Analysis per Rule 304.b(2) B.i. through viii. and x. Since an Oil and Gas permit is not required, per Table 3-403, "Oil and Gas Drilling and Production" and "Hydraulic Fracturing, Remote Surface Location" are a use by right or Exempt from further Land Use Regulation. Garfield County's disposition is not required for the purpose of this submittal.

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 Bond (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.)

Township 7 South, Range 93 West, 6 P.M.

Section 19: Lots 1 and 2

Township 7 South, Range 94 West, 6th P.M.

H.E.S. 309, more particularly described as beginning at Corner No. 1 identical with the Northwest Corner to Section 19; thence South 0°41 ' East 34.62 chains to Corner No. 2; thence North 85°11 ' West 20.43 chains to Corner No. 3; thence North 18°22 ' West 14.50 chains to Corner No. 4; thence North 0°23 ' West 19.15 chains to Corner No. 5; thence East 24.63 chains to Corner No. 1, the place of beginning. Containing 159.98 acres, more or less.

(LEASE MAP IS ATTACHED)

Total Acres in Described Lease: 160

Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 2326 Feet
Building Unit: 2846 Feet
Public Road: 2374 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 290 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.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK	WMFK	1-229		

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? No

If YES:

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

If NO:

Enter the minimum distance from the Completed Zone of this Well to the Lease Line of the described lease: 288 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: 379 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: 11139 Feet

TVD at Proposed Total Measured Depth 10883 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 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? No

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☒ Rotating Head ☐ None

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

<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	30	20	X-65	78.67	0	80	200	80	0
SURF	13+1/2	9+5/8	J-55	36	0	1125	276	1125	0
1ST	8+3/4	4+1/2	P-110	11.6	0	11139	789	11139	6383

☐ Conductor Casing is NOT planned

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	GRRV	0	0	300	300	501-1000	Other	Ground water samples collected from the Green River Formation at multiple, regional sources down-gradient of the Honea 19-05 pad.
Confining Layer	U Wasatch	300	300	4846	4678			
Hydrocarbon	Wasatch G Sand	4846	4678	5979	5768			Potential Loss Zone / Non Productive Zone
Hydrocarbon	FT Union	5979	5768	6883	6638			
Hydrocarbon	L Wasatch	6883	6638	7333	7078			
Hydrocarbon	Ohio Creek	7333	7078	7864	7608			Potential Loss Zone
Hydrocarbon	U Mesaverde	7864	7608	9949	9693			
Hydrocarbon	Top Gas	7864	7608	9949	9693			
Hydrocarbon	Cameo	9949	9693	10789	10533			
Hydrocarbon	Rollins	10789	10533	11139	10883			

OPERATOR COMMENTS AND SUBMITTAL

Comments: Nearest offset well producing from the same lease and permitted or completed in the same formation: TEP WMC 311-19-793 (Doc #402928841)

OGDP application (Docket #220200033) and Form 2A (Doc #402906566) approved on 7/11/2022

This application is in a Comprehensive Area Plan No CAP #: _____
 Oil and Gas Development Plan Name Honea 19-05 OGDP ID#: 481992
 Location ID: 335038

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

Signed: _____ Print Name: Melissa Luke

Title: Regulatory Specialist Date: 7/13/2022 Email: mluke@terraep.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, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved: _____

Director of COGCC

Date: 8/4/2022

Expiration Date: 06/28/2025

API NUMBER

05 045 24550 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.

Condition of Approval

COA Type

Description

Drilling/Completion Operations	<p>1.Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>2.Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1).</p> <p>3.Operator shall comply with the Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison fields, Garfield County and Mesa County – Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22, and 369-2 (July 8, 2010).</p> <p>4.Operator shall provide cement coverage from the production casing shoe (4 1/2" FIRST STRING) to a minimum of 200' above the Lower Wasatch (as defined by COGCC in the report "Casing and Cement Standards for Geologic Isolation Piceance Basin Bradenhead Monitoring Area and Nearby Fields," dated April 18, 2016, COGCC Document No. 2056199, Appendix A Field Scout Cards and Annotated Type Logs) to provide isolation of the Lower Wasatch, all Mesaverde Group formations including the Ohio Creek Formation, and underlying formations, if penetrated. Verify production casing cement coverage with a cement bond log.</p>
Interim Reclamation	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).

2 COAs

Best Management Practices

No BMP/COA Type

Description

1 Drilling/Completion Operations	Alternative Logging Program: The Honea Fed 24-09C well (API #05-045-19930), one of the first wells drilled on this pad, was logged with an open hole resistivity and gamma ray log from TD 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 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 will state "Alternative Logging Program - No open-hole logs were run" and will clearly identify the type of log and the well (by API#) in which open-hole logs were run.
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Total: 1 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
402928839	FORM 2 SUBMITTED
402939631	DIRECTIONAL DATA
402939632	DEVIATED DRILLING PLAN
402957666	OffsetWellEvaluations Data
402957771	WELL LOCATION PLAT
402958318	LEASE MAP
403127477	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	07/29/2022
Engineer	<p>Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information in addition to locally-available geophysical logs and hydrogeologic information was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 172 feet.</p> <p>Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required.</p> <p>There is no offset wells with Wasatch G production within 1 mile</p> <p>Well is located within the bradenhead monitoring area</p> <p>Additional offset review well: SOUTH LEVERICH *18-12B (045-17613) is located within 1500 ft of the Northern directional wells on the pad and has 0 psi BH pressure and a production TOC 5650 ft.</p>	07/27/2022
Permit	Passed Permitting review	07/27/2022
OGLA	The Commission approved OGDG #481992 on 06/29/2022 for the Oil and Gas Location related to this Form 2. OGLA task passed.	07/14/2022

Total: 4 comment(s)