

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:  
401026189

APPLICATION FOR PERMIT TO:

Drill       Deepen       Re-enter       Recomplete and Operate

Date Received:  
04/12/2016

TYPE OF WELL OIL  GAS  COALBED  OTHER \_\_\_\_\_  
ZONE TYPE SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES

Refiling   
Sidetrack

Well Name: Sheep 1190      Well Number: 8 H3  
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: SWSW      Sec: 8      Twp: 11S      Rng: 90W      Meridian: 6  
Latitude: 39.109778      Longitude: -107.476008

Footage at Surface: 951 Feet      FNL/FSL FSL 1252 Feet      FEL/FWL FWL

Field Name: WILDCAT      Field Number: 99999  
Ground Elevation: 7858.5      County: GUNNISON

GPS Data:  
Date of Measurement: 09/08/2014      PDOP Reading: 2.3      Instrument Operator's Name: Harold Marshall

If well is  Directional       Horizontal (highly deviated)      **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FNL 1516 FWL      Bottom Hole: FNL/FSL FNL 600 FEL  
91      FNL      1516      FWL      2609      FNL      600      FEL  
Sec: 17      Twp: 11S      Rng: 90W      Sec: 17      Twp: 11S      Rng: 90W

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: 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.)

See Attached description for Federal Lease COC-42314

Total Acres in Described Lease: 1862 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC-42314

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 1693 Feet

Building Unit: 1706 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 698 Feet

Above Ground Utility: 2305 Feet

Railroad: 5280 Feet

Property Line: 821 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 600 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Sheep Park II Unit Number: COC-77109X

**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.)
NIOBRARA	NBRR			

## DRILLING PROGRAM

Proposed Total Measured Depth: 13563 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: 1020 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? 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	24	16	42.1	0	120	200	120	0
SURF	12+1/4	9+5/8	36	0	960	200	960	0
1ST	8+3/4	7	26	0	7600	950	7600	450
2ND	6+1/2	4+1/2	13.5	0	13563	1430	13563	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       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: Heather Lang

Title: Office Manager Date: 4/12/2016 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: 11/10/2016

Expiration Date: 11/09/2018

**API NUMBER**  
05 051 06153 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**

	<p>1) Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>2) Operator shall provide cement coverage from the intermediate casing shoe (7" FIRST STRING) to a minimum of 200' above the surface 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 by surface casing. Verify intermediate casing cement coverage with a cement bond log.</p>
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## Best Management Practices

<b>No</b>	<b>BMP/COA Type</b>	<b>Description</b>
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-hoe 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.

Total: 1 comment(s)

## Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. <a href="http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf">http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf</a>
Notice Concerning Operating Requirements for Wildlife Protection. <a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a>

## Attachment Check List

<b>Att Doc Num</b>	<b>Name</b>
401026189	FORM 2 SUBMITTED
401026243	LEGAL/LEASE DESCRIPTION
401026245	LEASE MAP
401030638	DIRECTIONAL DATA
401030654	DRILLING PLAN
401034598	WELL LOCATION PLAT
401040436	DEVIATED DRILLING PLAN

Total Attach: 7 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected distance to public road from 3977' to 698' to match form 2A and notified operator. Corrected distance to nearest lease line from 600' to "0" because wellbore crosses federal lease lines. Final review complete.	11/08/2016
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is a 6 feet deep. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required. Per operator: added offset well data, unchecked no offset wells within 1500', changed distance to well owned by other operator, added 0 for planned conductor and surface cement tops, changed production string hole size t 6 1/2".	05/19/2016
Engineer	Emailed operator: offset wells within 1500 ft, spreadsheet required, distance to well owned by another operator, production string hole size, and surface and conductor cement tops.	05/16/2016
Permit	Removed plugging bond with operator approval. Although wellbore crosses two BLM leases the Exploratory Sheep Park II Unit covers the entire area. Ready to pass.	05/16/2016
Permit	Requested permission to remove Federal bond.	05/16/2016
Permit	Passed completeness.	05/10/2016
Permit	Changed Instrument Operator name per operator request.	05/10/2016
Permit	Returned to draft: -- Deviated Drilling Plan does not include required map view and cross-section view -- Check no offset wells within 1500'	04/29/2016
Permit	Returned to draft: --well location plat has two different plats; submit only one that is correct	04/20/2016
Permit	returned to draft: --well location plat has two different plats; submit only one that is correct --add open hole logging BMP	04/16/2016
Permit	Returned to draft: --missing well location plat --field name is wildcat --check SO is committed to lease and signed lease --if distance to nearest well is >mile, use 5280 for distance --directional data template should use whole numbers for northing/easting values --TD depth, casing depth, and deviated drilling plan and template depths do not agree	04/15/2016

Total: 11 comment(s)