

FORM
2
Rev
08/13

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:
400481538

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:

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

Refiling
Sidetrack

Well Name: IGE Well Number: 127
Name of Operator: ELM RIDGE EXPLORATION CO LLC COGCC Operator Number: 26625
Address: 12225 GREENVILLE AVE STE 950
City: DALLAS State: TX Zip: 75243-9362
Contact Name: Terry Lindeman Phone: (505) Fax: (632)-3476
Email: tlindeman@elmridge.net

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20100131

WELL LOCATION INFORMATION

QtrQtr: SE/SE Sec: 8 Twp: 33N Rng: 8W Meridian: N
Latitude: 37.114700 Longitude: -107.733340

Footage at Surface: 1243 feet FNL/FSL FSL 990 feet FEL/FWL FEL

Field Name: IGNACIO BLANCO Field Number: 38300

Ground Elevation: 6678 County: LA PLATA

GPS Data:
Date of Measurement: 05/09/2007 PDOP Reading: 3.0 Instrument Operator's Name: Scott Weibe

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
1982 FSL 1645 FEL 2229 FSL 1864 FEL
Sec: 8 Twp: 33N Rng: 8W Sec: 8 Twp: 33N Rng: 8W

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.)

T33N, R8W, N.M.P.M Section 8: E/2

Total Acres in Described Lease: 320 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: 965 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 541 Feet
 Building Unit: 604 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 990 Feet
 Above Ground Utility: 331 Feet
 Railroad: 5280 Feet
 Property Line: 77 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: 09/23/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1025 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 751 Feet (Enter 5280 for distance greater than 1 mile.)

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

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.)
FRUITLAND COAL	FRLDC	112-195	320	E/2

DRILLING PROGRAM

Proposed Total Measured Depth: 3613 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 50 Feet (Including plugged wells)

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? 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 608

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? _____

Reuse Facility ID: 311924 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	12+1/4	8+5/8	24	0	500	400	500	0
1ST	7+7/8	5+1/2	17	0	3400	685	3400	0

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 Please note that the proposed IGE 127 well is offsetting the existing Olson Smith Gas Unit #2 well which is a FRLDC well located 1190 FSL 990 FEL.

On both the COGCC GIS site and the La Plata County GIS site, the Olson Smith Gas Unit #2 is located where the Olson-Smith Gas Unit #1 should be shown and the Olson Smith Gas Unit #1 which is a MVRD well (990 FSL 990 FEL) is located where the Olson-Smith Gas Unit #2 is shown.

The location coordinates on the Scout cards verify this.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 311924

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: Robert Joyce

Title: Agent Date: _____ Email: jlr@animas.net

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: _____

Expiration Date: _____

API NUMBER
05 067 09545 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>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Community Outreach and Notification	Rule 604.a (2)-Notices sent 9-24-13-Certified Mail/Return Receipt Requested. All notices (with the exception of Speelman who has been out of the country)were delivered and return receipts were signed by addressee and returned.
2	Pre-Construction	Rule 604.c.(2)W-Pre-construction consultation occurred at the time the Surface Damage Agreement was negotiated. In subsequent conversations with the surface owner, James Burton, no changes were requested and none are anticipated.
3	Traffic control	Rule 604.c.(2)D- Access is off County Road 311, approximately 1.2 miles North of it's intersection with County Road 318. Access gate is on the West side of the County Road. Access is granted by existing Road Use agreement and in Surface Damage Agreement (both attached). Elm Ridge agrees to comply with any La Plata County traffic control measures required for this well.
4	General Housekeeping	Rule 604.c.(2)P- Trash containers will be maintained on site. Trash will be hauled to and disposed at a commercial landfill.
5	Storm Water/Erosion Control	Wattles will be placed, where necessary, around the perimeter of the site prior to, or at the beginning of construction. The size and quantity of the wattles used will vary according to the location to insure adequate protection of drainage areas.

6	Material Handling and Spill Prevention	<p>Rule 604.c.(2)F- Wells are monitored daily by the pumpers. Pressure monitoring is not necessary. Maximum reservoir pressure is approximately 1200 psig. These are low pressure gathering lines. All gathering lines are checked yearly for leaks. Please refer to attached Eight Point Drilling Program.</p> <p>Per Rule 604.c.(2)G.- Berms will be constructed with corrugated metal sides and will be sufficient in height and area to contain 150% of the volume of the largest single tank. Synthetic liners are being and will be used under tanks on location.</p> <p>Rule 604.c.(2)N-Any materials not in use that might constitute a fire hazard will be removed a minimum distance of twenty five feet from the wellhead, tanks and separator. No electrical equipment installations are planned inside the bermed area.</p>
7	Construction	<p>Rule 604.c.(2)V.- the IGE 127 well will be located in the immediate vicinity of and partially within the footprint of the existing Olson Smith Gas Unit #2 well pad.</p> <p>Rule 604.c.(2)B.- no fresh water pits are planned.</p> <p>Rule 604.c.(2)E- The existing well access road will be used. No new disturbance is anticipated. Standard specifications for this access road include a driving surface constructed with with 6 inches of 3" minus gravel over a driving surface approximately 12 feet in width, crowned, with ditches and culverts where necessary for drainage.</p> <p>Rule 604.c.(2)M.- The tract of land where the well pad is located is perimeter fenced with a cattle guard at entrance to well access on CR 311.</p> <p>Rule 604.c.(2)V-The existing well pad for the Elm Ridge Olson-Smith #2 well is being used for this location.</p>
8	Noise mitigation	<p>(Rule 604.c.(2)A- Drilling and Completion: Noise levels will be monitored by operator and if exceeds acceptable levels operator agrees to install sound walls or, if necessary, provide reasonable motel accommodations for the affected party. Post-production: No necessity for engines or motorized equipment is anticipated. If such equipment becomes necessary, Elm Ridge will first try to electrify the location if it is practical and feasible. If not, they will orient exhaust away from the affected party and will use hospital grade mufflers, buried, in series. Elm Ridge will install sound walls if necessary</p>

9	Drilling/Completion Operations	<p>Rule 604.c.(2)B.- A closed loop system will be used. No fresh water pits are planned. Fresh water will be stored in above ground tanks</p> <p>Per Rule 604.c.(2)C.)-i.- There are producing wells within one mile of the location of the proposed IGE 127 well. It is anticipated that this will be a producing well and, if so, Elm Ridge will comply with applicable requirements under Rule 805.</p> <p>ii- No uncontrolled venting is anticipated (based on 500 mcf)</p> <p>iii-aa., bb. cc.- Elm Ridge will use a system capable of handling 1.5 Mmcf. Anticipated flowback is 0.5 Mmcf or less. No necessity for flaring is anticipated.</p> <p>Rule 604.c.(2)H.- Elm Ridge will be using a 3M system per BLM specifications.</p> <p>Rule 604.c.(2)I.- BOPE pressure testing will be performed weekly.</p> <p>604.c.(2)K.- Pit level indicators will be used.</p> <p>604.c.(2)L- Drill stem tests are not typically done and none are anticipated.</p> <p>Rule 604.c.(2)O- Load lines will be bullplugged</p> <p>Rule 604.c.(2)Q- Guy line anchors will be identified per COGCC rules and are tested before each use.</p> <p>Rule 604.c.(2)S. – Existing well access road will be used and maintained for all weather use and will meet any safety requirements.</p>
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Total: 9 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400497110	DRILLING PLAN
400506955	DIRECTIONAL DATA
400506965	SURFACE AGRMT/SURETY
400506968	LOCATION PICTURES
400506969	LOCATION DRAWING
400506971	ACCESS ROAD MAP
400507726	EXCEPTION LOC WAIVERS
400507728	EXCEPTION LOC REQUEST
400507729	PLAT
400507731	CONST. LAYOUT DRAWINGS
400507734	OTHER
400507782	OTHER

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)