

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:

400856938

APPLICATION FOR PERMIT TO:

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

Date Received:

06/23/2015

TYPE OF WELL OIL ☐ GAS ☐ COALBED ☒ OTHER Lateral #1 ST #1Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☒Well Name: Elsa 34-6-19Well Number: 1Name of Operator: CATAMOUNT ENERGY PARTNERS LLCCOGCC Operator Number: 10464Address: 1801 BROADWAY #1000City: DENVER State: CO Zip: 80202Contact Name: Nolan RedmondPhone: (720)484-2344Fax: (720)484-2363Email: nredmond@catamountep.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130096

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 19 Twp: 34N Rng: 6W Meridian: MLatitude: 37.172630Longitude: -107.533730
 Footage at Surface: 1292 feet FNL/FSL FSL 311 feet FEL/FWL FEL
Field Name: IGNACIO BLANCOField Number: 38300Ground Elevation: 6971County: LA PLATA

GPS Data:

Date of Measurement: 04/28/2015 PDOP Reading: 2.0 Instrument Operator's Name: Nelson RossIf well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL 1907 FSL 1239 FWL 1972 FSL 681 FEL FEL
 Sec: 20 Twp: 34N Rng: 6W Sec: 20 Twp: 34N Rng: 6W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe 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 ☐ IndianThe Minerals beneath this Oil and Gas Location will be developed by this Well: NoThe 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.)

N/2SW/4 S20U T34N R6W

Total Acres in Described Lease: 80 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: 1796 Feet

Building Unit: 1876 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 4210 Feet

Above Ground Utility: 1800 Feet

Railroad: 5280 Feet

Property Line: 311 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 Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1904 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 681 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	112-215	320	S/2

DRILLING PROGRAM

Proposed Total Measured Depth: 7048 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1904 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? Yes

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: Commercial 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
SURF	12+1/4	9+5/8	36	0	482	270	482	0
1ST	8+3/4	7	23	0	3503	310	3503	324
1ST LINER	6+1/8	2+7/8	6.5	3112	7042			

☒ 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 for Lateral #1 ST #1 of the re-entry of the Elsa 34-6-19 #1.

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

Location ID: 440174

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: Nolan Redmond

Title: Geo/Eng Tech Date: 6/23/2015 Email: nredmond@catamountep.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:  Director of COGCC Date: 7/22/2015

Expiration Date: 07/21/2017

API NUMBER

05 067 09922 02

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) Provide 48 hrs Notice of Spud via eform 42</p> <p>2) Sample and test two closest water wells within a 1/4 mile of that portion of the wellbore pathway that cuts through the Fruitland Coal (Horizontal dimension – Top to bottom of pay) (Rule 608) (see Policy-Ignacio Blanco Field – Notice to Operators 7/10/2009 and revised on 2/17/2011).</p> <p>3) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales (Rule 608)</p> <p>4) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss & receive approval within 24 hrs of occurrence from COGCC Regional Engineer – Mark Weems</p> <p>970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p> <p>5) Contact COGCC Regional Engineer – Mark Weems when encountering a well control issue, unexpected water flows, and unexpected Hydrogen Sulfide.</p>
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Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Wildlife	Catamount agrees not to commence surface disturbing activities, construction activities, drilling, or non-emergency workover activities if there is one (1) foot of snow or greater on the ground of the Well Pad without obtaining permission of the surface owner. Catamount will consult with the Surface Owner before activities occurring when snow is present. Catamount will consult with the surface owner regarding the composition of the seed mix prior to interim or final reclamation and will use CPW's recommended seed mix if the surface owner is agreeable.
2	Material Handling and Spill Prevention	Drilling mud or brine will be contained in above ground steel tanks. Drill cuttings and solids that have been separated from the drilling fluid by the shale shakers, mud cleaner or centrifuge will be captured in above ground portable steel cuttings bins and hauled to a 3rd party disposal site that is permitted as required by applicable State and Federal rules and regulations. Excess drilling fluid will be stored in above ground portable steel tanks and will be transferred to the active circulating system as needed. At the completion of drilling activity remaining drilling fluid will be used on another well or disposed of as allowed by Local, State and Federal law. The well pad has a secondary containment berm to prevent spills, releases, and pollution. The berm is capable of containing 110% of the fluids stored on location.
3	Drilling/Completion Operations	A closed loop system will be used during drilling operations so a pit will be unnecessary.
4	Final Reclamation	Equipment will be painted with dull, non reflective paint slightly darker than the surrounding landscape. Noxious weeds will be controlled onsite by herbicide application based on recommendations from the La Plata County weed control technician and will be applied by a professional.

Total: 4 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400856938	FORM 2 SUBMITTED
400856939	DIRECTIONAL DATA
400856940	DEVIATED DRILLING PLAN
400857763	OTHER
400857764	WELL LOCATION PLAT
400857766	MULTI-WELL PLAN
400857769	WELLBORE DIAGRAM

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Per phone conversation with operator, 7/21/2015: 1) Selected permit to drill. 2) Corrected spacing order to 112-215, per Form 4 Doc: 400871762. 3) This well is a sidetrack off the 1st lateral well of a pilot-lateral drilling plan and will be drilled second, therefore the API designation of -02 has been applied to this Form 2. Final Review Completed. No LGD or public comment received.	7/21/2015 2:17:50 PM
Engineer	This APD pertains just to the Coal Bed Methane (CBM) lateral portion of the well located north of the pilot well and depicted as the E-4 coal (see attached WBD). Both the surface and production casings were previously assessed and approved in the angled straight line pilot well and have been carried forward with this permit for reference purposes. Initial drilling on all laterals will commence at a depth near the bottom end of the production casing depicted in the pilot well (API ex "00"). The casing in this lateral will be a slotted liner and will not be cemented in place. These laterals will be completed naturally and will not be fracture stimulated. The Statewide HZ Offset Well Policy does not apply to horizontal wells not being fracture stimulated in the pay zone.	7/15/2015 3:00:20 PM
Permit	Surface Use Agreement in well file (see doc: 400687545).	7/14/2015 9:35:49 AM
Permit	Should be permit to drill, not permit to reenter, as this permit is proposing to drill a sidetrack. Spacing order should be 112-215, not 112-214. Needs sidetrack API designation.	7/14/2015 9:21:11 AM
Permit	Passed completeness. Corrected Proposed Total Measured Depth from "7047" to "7048" to match the Directional Data attachment	6/29/2015 9:21:50 AM

Total: 5 comment(s)