

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:

401732527

APPLICATION FOR PERMIT TO:

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

Date Received:

08/21/2018

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Wetco

Well Number: 4-63-5-4148D

Name of Operator: HIGHPOINT OPERATING CORPORATION

COGCC Operator Number: 10071

Address: 1099 18TH ST STE 2300

City: DENVER State: CO Zip: 80202

Contact Name: Delores Montoya

Phone: (303)312-8145

Fax: ()

Email: dmontoya@hpres.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20040060

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 4 Twp: 4N Rng: 63W Meridian: 6

Latitude: 40.339905

Longitude: -104.449760

Footage at Surface: 2229 Feet FNL/FSL FSL 753 Feet FEL/FWL FWL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 4624

County: WELD

GPS Data:

Date of Measurement: 07/24/2018 PDOP Reading: 1.2 Instrument Operator's Name: RYAN WILLIAMS, C.M.

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

 1727 FSL 460 FEL 1740 FSL 400 FWL
 Sec: 5 Twp: 4N Rng: 63W Sec: 6 Twp: 4N Rng: 63W

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 ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: No

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.)

Please refer to the blue area on Mineral Lease Map.

Total Acres in Described Lease: 480 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: 2683 Feet

Building Unit: 2683 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 669 Feet

Above Ground Utility: 612 Feet

Railroad: 5280 Feet

Property Line: 753 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: 416 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 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.)
CODELL	CODL	407-2606	640	Sec. 6 & 5 S 1/2

DRILLING PROGRAM

Proposed Total Measured Depth: 16494 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: 41 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 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 454282 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	13+1/2	9+5/8	36	0	800	397	800	0
1ST	8+3/4	7	26	0	7015	744	7015	
1ST LINER	6+1/8	4+1/2	11.6	6124	16494	527	16494	

☒ 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 well is an exception location. Attached are signed Rule 317.s consents from offset the operators allowing this horizontal well to be drilled within 150 ft. of the following:

Dr. Joe CC 6-9 (05-123-23268) - Noble Energy Inc. - 47.91'

Wyscaver 13-5 (05-123-21323) - PDC Energy Inc. - 41.85'

This well has a bottom-hole location beyond the unit boundary setback. The bottom of the completed interval will be within the unit boundary setback at 1740' FSL and 460' FWL of Section 6. The wellbore beyond the unit boundary setback will be physically isolated and will not be completed.

The distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed within the unit was measured to the Wetco 4-63-5-5648B, this distance was measured in 3D.

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured to the Wyscaver 13-5 (05-123-21323) which was permitted by PDC Energy Inc., this distance was measured in 3D.

Rule 318A.a (drilling window) and Rule 318A.c (twinning) were waived by the surface owner within the attached surface use agreement (SUA).

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: Delores Montoya _____

Title: Sr. Regulatory Analyst _____ Date: 8/21/2018 _____ Email: dmontoya@hpres.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: 11/5/2018

Expiration Date: 11/04/2020

API NUMBER

05 123 48496 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>
	Operator will insure the wellbore beyond the unit boundary setback is physically isolated and is not completed. In the Operator Comments on the Form 5A the operator will (1) report the footages from the section lines of the bottom of the completed interval (2) describe how the wellbore beyond the unit boundary setback is physically isolated and (3) certify that none of the wellbore beyond the setback was completed.
	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 48 hour spud notice for all subsequent wells drilled on the pad. 2) Comply with Rule 317.j and provide cement coverage from the end of 7-inch casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
	Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release and prior to stimulation or 2) If a delayed completion, 6 months after rig release and prior to stimulation. 3) Within 30 days after first production, as reported on Form 5A. If a Bradenhead test reports a surface casing pressure greater than 200 psig, stimulation is not allowed until the Engineering Supervisor has been consulted.
	Operator acknowledges the proximity of the following non-operated listed wells: Operator agrees to: provide mitigation option 1 or 2 (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 this well. Wetco Farms 12-4 (API 123-20274) Wetco Farms 14-4 (API 123-20862) Wyscaver 5-14 (API 123-19881) Carmin 34-5 (API 123-20836) Wyscaver USX CC05-25 (API 123-33489) Carmin USX CC05-23D (API 123-33502) Carmin USX CC05-10D (API 123-33503) Carmin USX CC05-16D (API 123-33505) Carmin USX CC05-17D (API 123-33511) Spike State CC 6-11J (API 123-07639) Rothe 5-6 (API 123-12586) Spike State CC 6-12 (API 123-16201) Spike State CC 6-13 (API 123-16202) Spike State CC 6-14 (API 123-16203) Rothe 22-6 (API 123-26161) Frank 5 (API 123-12871) Frank 7-4 (API 123-17266) Meyer 31-7 (API 123-20115) Meyer 41-7 (API 123-20868) Rein 1-8 (API 123-17425) Foos 1-16I4 (API 123-18637) Frank #1 9API 123-11639)
	Anti-collision Mitigation: Operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	HighPoint will adhere to the COGCC Policy for Bradenhead Monitoring effective 5/29/12.
2	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-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run.

Total: 2 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.
http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.
<http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf>

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2473258	WELL LOCATION PLAT
401732527	FORM 2 SUBMITTED
401739066	OffsetWellEvaluations Data
401739954	STIMULATION SETBACK CONSENT
401739955	STIMULATION SETBACK CONSENT
401739956	EXCEPTION LOC REQUEST
401739957	WASTE MANAGEMENT PLAN
401739958	MINERAL LEASE MAP
401739959	SURFACE AGRMT/SURETY
401739960	DEVIATED DRILLING PLAN
401739961	DIRECTIONAL DATA
401825880	OFFSET WELL EVALUATION

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	PENDING: Waiting on additional information for lease description. ACTIVE: With operator concurrence, lease description and acreage was updated. Final Review complete.	11/02/2018
Permit	Permitting review complete, passed Final Review.	10/30/2018
Permit	Added Horizontal to Well Location Tab. Corrected Footage at Bottom Hole to to Section 6 to reflect Well Location Plat. Corrected operator comment for drilling beyond setback to say 460 FWL. Attached Well Location Plat. Corrected Unit Configuration. Corrected Objective Formation to Codell. Corrected Unit Configuration to Sec. 6 & 5 S1/2. Added Spacing Order Number 407-2606. Corrected Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation per operator information.	10/15/2018
Permit	Well Location Plat missing. Requested document from operator 9/27/2018. Unit Configuration incorrect. Requested information from operator 9/26/2018. Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is incorrect, requested updated distance 9/27/2018.	09/27/2018
Engineer	Operator did not have the anti collision BMP. Added as COA with BMP from another Form 2 submittal by operator. On the "Submit" tab, the closest well was identified. There are 2 other well within 150' not listed on the "Submit" tab that is included in the Stimulation Setback Consent letter. Operator has indicated oil-based drilling fluids will not be used. Udated typo in "Casing" tab. Should be 4 1/2", not 4 1/21".	09/19/2018
Permit	Passed Completeness.	08/28/2018

Total: 6 comment(s)