

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:

400853918

Date Received:

08/06/2015

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____

Refiling ☒

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: Rulison Federal

Well Number: 33D-17

Name of Operator: CAERUS PICEANCE LLC

COGCC Operator Number: 10456

Address: 600 17TH STREET #1600N

City: DENVER

State: CO

Zip: 80202

Contact Name: Reed Haddock

Phone: (720)880-6369

Fax: (303)565-4606

Email: rhaddock@caerusoilandgas.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 17 Twp: 7S Rng: 94W Meridian: 6

Latitude: 39.436121

Longitude: -107.915389

Footage at Surface: 1597 feet FNL/FSL FSL 1156 feet FEL/FWL FWL

Field Name: RULISON

Field Number: 75400

Ground Elevation: 7412

County: GARFIELD

GPS Data:

Date of Measurement: 04/16/2015 PDOP Reading: 0.9 Instrument Operator's Name: Mike Brennan

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

1413 FSL 1919 FEL 1413 FSL 1919 FEL
Sec: 17 Twp: 7S Rng: 94W Sec: 17 Twp: 7S Rng: 94W

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.)

Mineral Lease attached.

Total Acres in Described Lease: 723 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC66921

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 710 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1088 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 3474 Feet

Railroad: 5280 Feet

Property Line: 161 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: 333 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1413 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Sec. 17, T7S, R94W

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	139-73	640	Sec 17 All

DRILLING PROGRAM

Proposed Total Measured Depth: 9560 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 333 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: ONSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

See waste management plan attached to the 2A, Doc # 400853982.

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	30	20	52.8#	0	100	218	100	0
SURF	14+3/4	9+5/8	36#	0	2500	529	2500	0
1ST	8+3/4	4+1/2	11.6#	0	9560	1038	9560	4546

☐ 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 Caerus Piceance LLC purchased all Piceance assets owned by Noble Energy, Inc. This pad (17L) was fully permitted by Noble Energy, Inc. These permits have since expired. Caerus Piceance LLC is submitting this permit as a "re-file" and re-using the existing API No.

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

Location ID: 413221

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: Reed Haddock

Title: Sr. Regulatory Specialist Date: 8/6/2015 Email: rhaddock@caerusoilandgas.co

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: 11/9/2015

Expiration Date: 11/08/2017

API NUMBER

05 045 18766 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

	Within 14 days of receipt of this approved form, Operator shall contact COGCC Reclamation Specialist (Lou Colby) with a summary of the site reclamation status.
	(1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice. (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). See attached notice. (3) In lieu of the standard Form 42 spud notice required by the Northwest Notification Policy, submit Form 42 Rulison SAP / Rio Blanco SAP - Spud Notice, specifying the bottom hole location sector and tier. (4) Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spudding this well. Rulison.Submittal@state.co.us (5) Operator shall comply with all provisions of the most recent COGCC-approved revision of the Rulison Sampling and Analysis Plan. (6) Operator shall provide cement coverage from the production casing shoe to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.

Best Management Practices

No BMP/COA Type

Description

1	Planning	In compliance with Rule 317.p the first well that is operationally feasible on the 17L pad will be logged with an open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. All wells on the pad will have a Cement Bond Log with cased-hole Gamma Ray run on the production casing. The Form 5 Completion Report will list all the logs run in the subject well and identify the well that was logged with the open-hole Resistivity Log.
2	Drilling/Completion Operations	Caerus Operating LLC will adhere to the COGCC Policy for Bradenhead Monitoring effective May 29, 2012.

Total: 2 comment(s)

Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2168033	DOE SITE & WELL COA - APPROVAL
400853918	FORM 2 SUBMITTED
400853941	WELL LOCATION PLAT
400853942	TOPO MAP
400853943	LEGAL/LEASE DESCRIPTION
400876203	DEVIATED DRILLING PLAN
400876204	DIRECTIONAL DATA
400880816	FED. DRILLING PERMIT
400880818	SURFACE AGRMT/SURETY

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Attached DOE approval letter.	11/6/2015 9:10:43 AM
Permit	Corrected minerals beneath the location will be produced to Yes as per operator. Added Sec 17 to unit description as per operator. Final review complete.	11/5/2015 8:25:56 AM
Permit	Removed reclamation financial assurance bond.	10/5/2015 3:08:10 PM
Permit	Notice to DOE sent. Awaiting their approval. Changed comment in Waste disposal method as per operator.	9/1/2015 1:28:47 PM
Engineer	Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required. 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 150 feet.	8/11/2015 12:49:43 PM
Permit	Form passes completeness.	8/10/2015 1:25:52 PM

Total: 6 comment(s)