



Document Number:
400608071

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
05/28/2014

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

Refiling
Sidetrack

Well Name: Fortune Well Number: 4-9
Name of Operator: SWEPI LP COGCC Operator Number: 78110
Address: 150 N DAIRY ASHFORD
City: HOUSTON State: TX Zip: 77079
Contact Name: Anne Baldrige Phone: (303)305-7555 Fax: ()
Email: A.Baldrige@Shell.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030028

WELL LOCATION INFORMATION

QtrQtr: NWSE Sec: 9 Twp: 26S Rng: 70W Meridian: 6
Latitude: 37.801253 Longitude: -105.223147
Footage at Surface: 2427 feet FNL/FSL FSL 1719 feet FEL/FWL FEL
Field Name: WILDCAT Field Number: 99999
Ground Elevation: 7233 County: HUERFANO
GPS Data:
Date of Measurement: 01/20/2012 PDOP Reading: 1.5 Instrument Operator's Name: J.H. (Unitah)
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 _____
Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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 mineral lease map.

Total Acres in Described Lease: 2820 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: 540 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 935 Feet

Above Ground Utility: 1735 Feet

Railroad: 5280 Feet

Property Line: 2070 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: 5280 Feet

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

Federal or State Unit Name (if appl): Gardner Unit Unit Number: COC76357X

SPACING & FORMATIONS COMMENTS

See attached mineral lease map attachment for mineral lease description and map. This attachment includes mineral lease information relevant to the lateral wellbore. This APD is for the pilot hole.

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: 8061 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 61745 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? Yes
 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: 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
CONDUCTOR	30	20	52.78	0	90	175	90	0
SURF	17+1/2	13+3/8	54.5	0	815	496	815	0
1ST	12+1/4	9+5/8	36	0	4183	737	4183	500
OPEN HOLE	8+3/4			0	8061	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 This Form 2 for the Fortune 4-9 pilot hole is a resubmittal of the existing approved Form 2 which expires 7/16/2014 (Document No. 400271741). A separate Form 2 will be submitted for the lateral portion of the well.

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

Location ID: 429623

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: Steve Compton

Title: Environmental Engineer Date: 5/28/2014 Email: C-Steven.Compton@Shell.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: 9/21/2014

Expiration Date: 09/20/2016

API NUMBER

05 055 06311 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

	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	1) Provide 48 hour notice prior to spud via electronic Form 42. 2) Set 9 5/8" casing (1st string) at least 50' below top of Pierre. Cement to 50' above base of surface casing. Verify coverage with cement bond log. No salt or oil base mud shall be used until after setting and cementing 1st string. 3) Plug back pilot hole: In addition to kick off plug, set 40 sx (100') cement plugs at top of following formations: Pennsylvanian (Sangre de Cristo), Dakota, Codell.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Storm Water/Erosion Control	<p>Storm Water management plans (SWMP) are in place to comply with both Colorado Department of Public Health and Environment (CDPHE) and Colorado Oil and Gas Conservation Commission (COGCC) storm water discharge permits. The construction layout for this location details Best Management Practices (BMP's) to be installed during the initial construction. Note that BMP's may be removed, altered, or replaced with the changing conditions in the field and the SWMP will be updated accordingly. The BMP's prescribed for the initial construction phase include, but are not limited to:</p> <ul style="list-style-type: none"> • Construct diversion ditch • Sediment Reservoirs • Check dams • Level spreaders • Stabilized construction entrance • Slash • Sediment Traps • Wattles • Terrace • Secondary containment berms • Detention ponds
2	Material Handling and Spill Prevention	<p>Spill Prevention Control and Countermeasure Plans (SPCC) are in place to address material releases and to prescribe materials handling BMP's for the facility. "Good Housekeeping" measures will be taken to ensure proper waste disposal.</p>

Total: 2 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>
2519215	CDPHE CONSULTATION
2519216	CORRESPONDENCE
400608071	FORM 2 SUBMITTED
400615734	WELLBORE DIAGRAM
400615736	TOPO MAP
400615739	DRILLING PLAN
400616207	MINERAL LEASE MAP

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Based on the results of the CDPHE Consultation, the COGCC has developed two additional Conditions of approval with regard to the protection of water resources. In addition, the COGCC has reviewed the remaining public comments and the previously approved and still valid Form 2A for this Oil and Gas Location. In consideration of the Best Management Practices and Conditions of Approval placed on the permit, it has been determined that the approved Location meets the intent of the Oil and Gas Conservation Act (as declared in C.R.S. 34-60-102) and is subject to all Rules, Orders and Policies of the Commission.	9/15/2014 12:05:40 PM
Permit	This permit is a refile of an already approved APD. The form 2A (doc#400272102) was approved in July 2012.	8/29/2014 1:44:02 PM
Permit	Final review completed; both LGD and public comments received.	8/29/2014 1:37:02 PM
Permit	The COGCC has received a petition relative to this Application for Permit to Drill. The petition has 68 signatures. The text of the petition is as follows: To respectfully submit a motion by the CITIZENS OF HUERFANO COUNTY, Colorado. Subject – That Shell Oil has given notice that it intends to apply for a renewal of permit to drill at the site known as Fortune, in August, 2014 in the County of Huerfano. When the original permit was awarded to Shell, the company was a known entity. As Shell has publicly stated that it intends to sell its interests and depart from the county of Huerfano, decision makers are not now dealing with a known company on an issue of major importance to the said citizens of Huerfano. Our concern is with possible adverse effects on our ground water, the Huerfano River, the environment, our health and our road system. Huerfano County already has a history of disasters caused by oil and gas due to accidents and lack of inspections. We, the following signatories and citizens of Huerfano County, respectfully submit a motion that permits to drill should not be considered at this time.	6/19/2014 1:31:32 PM
Permit	Operator stated well in the Farasita Unit when it is in the Gardner Unit.	5/30/2014 7:01:13 AM
Permit	Passed completeness.	5/28/2014 4:45:36 PM

Total: 6 comment(s)