

FORM 2 Rev 12/05	State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109		DE ET OE ES	
APPLICATION FOR PERMIT TO:			Document Number: 400095337 Plugging Bond Surety 20090025	
1. <input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recomplete and Operate				
2. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/>			Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/>	
3. Name of Operator: <u>AUGUSTUS ENERGY PARTNERS LLC</u> 4. COGCC Operator Number: <u>10275</u>				
5. Address: <u>P O BOX 250</u> City: <u>WRAY</u> State: <u>CO</u> Zip: <u>80758</u>				
6. Contact Name: <u>Loni Davis</u> Phone: <u>(970)332-3585</u> Fax: <u>(970)332-3587</u> Email: <u>ldavis@augustusenergy.com</u>				
7. Well Name: <u>Roundtree</u> Well Number: <u>33-33 1N46W</u>				
8. Unit Name (if appl): _____ Unit Number: _____				
9. Proposed Total Measured Depth: <u>2600</u>				
WELL LOCATION INFORMATION				
10. QtrQtr: <u>NWSE</u> Sec: <u>33</u> Twp: <u>1N</u> Rng: <u>46W</u> Meridian: <u>6</u> Latitude: <u>40.008700</u> Longitude: <u>-102.516150</u>				
Footage at Surface: FNL/FSL FEL/FWL <u>2116</u> feet <u>FSL</u> <u>1558</u> feet <u>FEL</u>				
11. Field Name: <u>Yodel</u> Field Number: <u>98640</u>				
12. Ground Elevation: <u>3970</u> 13. County: <u>YUMA</u>				
14. GPS Data: Date of Measurement: <u>09/23/2010</u> PDOP Reading: <u>2.1</u> Instrument Operator's Name: <u>Neal McCormick</u>				
15. If well is <input type="checkbox"/> Directional <input type="checkbox"/> 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: _____				
16. Is location in a high density area? (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
17. Distance to the nearest building, public road, above ground utility or railroad: <u>2116 ft</u>				
18. Distance to nearest property line: <u>537 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>1436 ft</u>				
20. LEASE, SPACING AND POOLING INFORMATION				
Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
Niobrara	NBRR			

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

21. Mineral Ownership: Fee State Federal Indian Lease #: _____
22. Surface Ownership: Fee State Federal Indian
23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: _____
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No
23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond
24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
1N45W, Sec 18: SW/4, 1N46W, Sec 33: SE/4
25. Distance to Nearest Mineral Lease Line: 537 ft 26. Total Acres in Lease: 320

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.
28. Will salt sections be encountered during drilling? Yes No
29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No
30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No
31. Mud disposal: Offsite Onsite **If 28, 29, or 30 are "Yes" a pit permit may be required.**
Method: Land Farming Land Spreading Disposal Facility Other: _____
Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
SURF	9+7/8	7	20		280	200	280	0
1ST	6+1/4	4+1/2	10.5		2,600	75	2,600	1,800

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments No Conductor casing will be used. The producing interval will be above 2500 feet in depth.

34. Location ID: _____
35. Is this application in a Comprehensive Drilling Plan ? Yes No
36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.
Signed: _____ Print Name: Loni J. Davis
Title: Oper Acctg & Reg Spec Date: 9/27/2010 Email: ldavis@augustusenergy.com

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: David S. Neslin Director of COGCC Date: 10/28/2010

API NUMBER: **05 125 11941 00** Permit Number: _____ Expiration Date: 10/27/2012

CONDITIONS OF APPROVAL, IF ANY: _____

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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.

- 1) Provide 24 hr notice of spud to Colby Horton at 970-867-2517 or e-mail at colby.horton@state.co.us.
- 2) Set surface casing at least 50' into Pierre Shale for aquifer coverage, (280' minimum - as proposed). Setting surface casing less than the approved depth is a permit violation unless prior written approval is obtained from the COGCC.
- 3) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 4) If dry hole, set 35 sks cement 50' above Niobrara top, 35 sks cement ½ out, ½ in surface casing, 10 sks cement at top of surface casing, cut casing 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

"The producing interval must be above 2500 feet in depth."

Attachment Check List

Att Doc Num	Name
2512694	SURFACE CASING CHECK
400095337	APD APPROVED
400095349	PLAT
400095350	TOPO MAP
400095353	30 DAY NOTICE LETTER
400095355	SURFACE AGRMT/SURETY
400104516	FORM 2 SUBMITTED

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	PERMITTING PASSED	10/28/2010 2:34:36 PM
Permit	Called Operator to discuss distance to nearest lease line/Exception Location Request? Surface Owner = Mineral Owner. Operator said producing interval will be above 2500 feet in depth. JLV	10/28/2010 12:15:03 PM

Total: 2 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>To address construction during drilling and all other operations associated with Oil and Gas development throughout Southern Yuma County, Colorado area StormWater Management Plans(SWMP) are in place and in compliance with the Colorado Department of Health and Environment (CDPHE) under Permit # COR-039920.</p> <p>Best Management Practices (BMP's) will be reviewed and maintained prior to, during and after construction of drilling site, laying of flowlines, installation of surface equipment and reclamation of site. Each location's BMP's will vary according to terrain and phase of construction and will be implemented in accordance to SWMP.</p> <p>Regular location inspections will be performed and any BMP's not effectively working will be documented and resolved in a timely manner.</p> <p>Spill Prevention, Control and Countermeasures will be implemented. Should any spills occur they will be cleaned up immediately and effectively to minimize any integration with storm water runoff. General good housekeeping practices will be performed to keep spills at a minimum.</p>

Total: 1 comment(s)