

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#: 20100170
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):
7N, 60W, Sec. 18: ALL
25. Distance to Nearest Mineral Lease Line: 245 ft 26. Total Acres in Lease: 640

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	12+1/4	9+5/8	36	0	1,400	534	1,400	0

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments THIS FORM 2 IS SUBMITTED FOR A PILOT HOLE IN CONJUNCTION WITH FORM 2 (HORIZONTAL - DOCUMENT NUMBER 400171328) AND FORM 2A (DOCUMENT NUMBER 400171337), and attachments submitted with said forms are applicable to this pilot hole. Application for a drilling and spacing unit has been made and is on the June 27 and 28, 2011 docket for approval. Well Location Certificate/Plat reflects pad elevation. Ground elevation and pad elevation are the same. Distance to the nearest well permitted/completed in the same formation is for the proposed Slick Rock 19-44-7-60, pilot hole to pilot hole. Pilot hole will be plugged back at TD to 5575' with 811 sacks of cement; hole size is 8.75".

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: Fabrianna Venaducci
Title: Contract Landman Date: 6/22/2011 Email: fabrianna@jameskaro.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. Nashin Director of COGCC Date: 7/23/2011
Permit Number: _____ Expiration Date: 7/22/2013

API NUMBER

05 123 34020 00

CONDITIONS OF APPROVAL, IF ANY:

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.

A well being completed deeper than 2500 feet must be 600 feet from a lease line or requires an approved exception location. per rule 318a..

- 1) Provide 24 hour notice of MIRU to Colby Horton at 970-467-2517 or e-mail at colby.horton@state.co.us.
- 2) Plug back pilot hole as proposed on line 33 comments or at a minimum: Set 70 sks cement from 50' below D-Sand base to 100' above D-Sand top. Set 40 sks cement 50' above Niobrara top. This is in addition to kick off plug.

Attachment Check List

Att Doc Num	Name
400171310	FORM 2 SUBMITTED
400172006	TOPO MAP
400173381	WELL LOCATION PLAT

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	This is a pilot/lateral drilling plan. The permits will be on hold pending the completion of the 20 day public comment period at which time they will be approved together to maintain proper API number designations.	6/24/2011 10:15:42 AM

Total: 1 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Construction	Operator has designed the well pad with insloping and a storm water control ditch to prevent storm water run-on/runoff and the release of fluids from the location. See attached Construction Layout Drawing. The location will be fenced and the fenced area will include the Fresh Water Storage Pit. The COGCC to be notified 48 hours prior to construction of the Fresh Water Storage Pit.
Drilling/Completion Operations	Operator will ensure 110 percent secondary containment for any volume of fluids contained at the well site during drilling and completion. Operator will implement best management practices to contain any unintentional release of fluids. Fresh water for the Fresh Water Storage Pit comes from water provider; water sources permitted for consumable industrial use. Operator shall not allow any fluids to flow back to the Fresh Water Storage Pit. Fresh Water Storage Pit shall contain fresh water only and signage prohibiting the use of the pit for any fluid that does not come from municipal, irrigation or surface water source.

Total: 2 comment(s)