

FORM

2

Rev
12/05

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:

400235537

Date Received:

04/04/2012

PluggingBond SuretyID

20090025

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER _____
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☐3. Name of Operator: AUGUSTUS ENERGY PARTNERS LLC4. COGCC Operator Number: 102755. Address: P O BOX 250City: WRAY State: CO Zip: 807586. Contact Name: Loni Davis Phone: (970)332-3585 Fax: (970)332-3587Email: ldavis@augustusenergy.com7. Well Name: Deterding Well Number: BB-15 1S45W

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 2499

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 15 Twp: 1S Rng: 45W Meridian: 6Latitude: 39.972750 Longitude: -102.407460

Footage at Surface: 1118 feet FNL/FSL 1115 feet FEL/FWL
 FNL FWL

11. Field Name: Duke Field Number: 1889012. Ground Elevation: 3921 13. County: YUMA

14. GPS Data:

Date of Measurement: 12/30/2011 PDOP Reading: 2.5 Instrument Operator's Name: Neal McCormick15. 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: _____

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 1115 ft18. Distance to nearest property line: 1115 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 655 ft

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 | | | |

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

1S45W, Sec. 15: NW/4

25. Distance to Nearest Mineral Lease Line: 1115 ft

26. Total Acres in Lease: 160

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: Evaporation and burial

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 | 23 | 0 | 440 | 200 | 440 | 0 |
| 1ST | 6+1/4 | 4+1/2 | 10.5 | 1 | 2,499 | 75 | 2,499 | 1,699 |

32. BOP Equipment Type: ☒ Annular Preventer ☐ Double Ram ☐ Rotating Head ☐ None

33. Comments No Conductor Casing will be used. The mineral and leasehold interests are uniform throughout the northwest quarter, therefore, no offsetting mineral or leasehold interests exist.

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: 4/4/2012 Email: ldavis@augustusenergy.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: 4/27/2012

API NUMBER

05 125 12076 00

Permit Number: _____ Expiration Date: 4/26/2014

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.

- 1) Provide 48 hr notice prior to spud via Form 42.
- 2) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) If dry hole, set 35 sks cement 50' above Niobrara top, 35 sks cement 1/2 out, 1/2 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.

Attachment Check List

| Att Doc Num | Name |
|-------------|----------------------|
| 2332322 | SURFACE CASING CHECK |
| 400235537 | FORM 2 SUBMITTED |
| 400235561 | 30 DAY NOTICE LETTER |
| 400235562 | PLAT |
| 400235563 | SURFACE AGRMT/SURETY |
| 400235564 | TOPO MAP |
| 400235566 | PROPOSED BMPs |
| 400268255 | VARIANCE REQUEST |
| 400268257 | CORRESPONDENCE |
| 400268259 | WAIVERS |

Total Attach: 10 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Final review passed 4/26/2012 NKP | 4/26/2012 5:20:47 PM |
| Permit | The proposed location falls under rule 318.b WLR area, which allows only one producible gas well in each quarter quarter section. The proposed well would be the second well in the NWNW. The operator provided information supporting a pilot project along with a 502.b variance request. The surface owner has signed a waiver acknowledging the exception location. This variance has been granted by the Acting Director. 4/25/2012 | 4/26/2012 4:51:01 PM |
| Permit | Operator corrected #36. This form has passed completeness. | 4/4/2012 12:11:04 PM |
| Permit | Returned to draft. Missing #36. | 4/4/2012 10:43:46 AM |

Total: 4 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)