

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:

400255018

Date Received:

03/22/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER Pilot hole
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

PluggingBond SuretyID

20100083

3. Name of Operator: AXIA ENERGY LLC

4. COGCC Operator Number: 10335

5. Address: 1430 LARIMER STREET #400

City: DENVER State: CO Zip: 80202

6. Contact Name: Lisa Smith Phone: (303)857-9999 Fax: (303)450-9200

Email: lspemitco@aol.com

7. Well Name: Bulldog Well Number: 5-31H-790

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

9. Proposed Total Measured Depth: 13000

WELL LOCATION INFORMATION

10. QtrQtr: LT 6 Sec: 5 Twp: 7N Rng: 90W Meridian: 6

Latitude: 40.599719 Longitude: -107.511350

Footage at Surface: 359 feet FNL 1677 feet FEL
FNL/FSL FEL/FWL

11. Field Name: Craig North Field Number: 13550

12. Ground Elevation: 6492 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 01/25/2012 PDOP Reading: 1.2 Instrument Operator's Name: Bart Hunting

15. 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 No

17. Distance to the nearest building, public road, above ground utility or railroad: 3170 ft

18. Distance to nearest property line: 347 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5280 ft

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 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):

T7N - R90W, Section 5: Lots 5-7,10-20; a/d/a E/2NW/4, SW/4, E/2. Sec 8: Lots 1-8; a/d/a N/2

25. Distance to Nearest Mineral Lease Line: 359 ft 26. Total Acres in Lease: 863

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
CONDUCTOR	24	20	94	0	60	60	60	0
SURF	16	13+3/8	54.5	0	1,500	635	1,500	0
1ST	12+1/4	9+5/8	40	0	9,358	1,320	9,358	3,000
OPEN HOLE	8+3/4	0+0/0	0	0	13,000	800	13,000	10,900

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

33. Comments This is a Pilot hole for informational purposes only and will be plugged back.

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

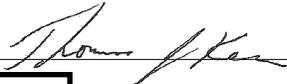
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Lisa Smith

Title: Agent for Axia Energy LLC Date: 3/22/2012 Email: lspermitco@aol.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: 5/17/2012

API NUMBER

05 081 07727 00

Permit Number: _____ Expiration Date: 5/16/2014

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) CEMENT ON PRODUCTION CASING MUST BE AT LEAST 200' ABOVE TOP OF FT. UNION AND COMPLY WITH RULES 209 AND 317.I. SEGREGATE OIL, GAS, AND FRESH-WATER-BEARING ZONES AND PROTECT COAL SEAMS. VERIFY TOP WITH CBL.

(3) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 430 FEET DEEP.

Before placing oil/salt based muds in a pit, operator must file and receive prior approval of a Pit Permit, Form 15. COGCC regulations regarding pit permits can be found in Rule 903.a.(3). PIT PERMITTING/REPORTING REQUIREMENTS.

Attachment Check List

Att Doc Num	Name
2538022	LEASE MAP
400255018	FORM 2 SUBMITTED
400264379	SURFACE AGRMT/SURETY
400264380	WAIVERS
400264935	WELL LOCATION PLAT

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	LGD/pub. comments waived. Final Review--passed.	5/14/2012 12:19:13 PM
Permit	attached lease map provided by oper., changed lease description and lease acres per oper.'s email. confirmed that surface owner does not have mineral interest in SHL but does have mineral interest at BHL.	4/16/2012 9:59:35 AM
Permit	Operator corrected plugging bond, #19, and attachments. This form has passed completeness.	3/26/2012 1:06:42 PM
Permit	Returned to draft. Invalid plugging bond. #19 is 0 feet?. Attachments need to be seperated.	3/23/2012 8:21:26 AM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)