

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400320587

Date Received:

08/27/2012

PluggingBond SuretyID

20100117

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: SUNDANCE ENERGY INC

4. COGCC Operator Number: 10340

5. Address: 633 17TH STREET #1950

City: DENVER State: CO Zip: 80202

6. Contact Name: Julie L. Padilla Phone: (303)928-7128 Fax: (303)476-1645

Email: jpadilla@petro-fs.com

7. Well Name: MLD Well Number: 43-22

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

9. Proposed Total Measured Depth: 7629

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 22 Twp: 4N Rng: 68W Meridian: 6

Latitude: 40.294835 Longitude: -104.987752

Footage at Surface: 1120 feet FSL 2241 feet FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4943 13. County: WELD

14. GPS Data:

Date of Measurement: 07/13/2012 PDOP Reading: 1.3 Instrument Operator's Name: Brian Ritz

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
1980 FSL 660 FEL 1980 FSL 660 FEL
Sec: 22 Twp: 4N Rng: 68W Sec: 22 Twp: 4N Rng: 68W

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: 2064 ft

18. Distance to nearest property line: 170 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1000 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Codell | CODL | 407-87 | 80 | N2/SE4 |
| Niobrara | NBRR | 407-87 | 80 | N2/SE4 |

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):

NW/4 and N/2 S/2 Section: 22, T4N-R68W excluding highway lands

25. Distance to Nearest Mineral Lease Line: 660 ft

26. Total Acres in Lease: 313

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 | 8+5/8 | 24 | 0 | 550 | 450 | 550 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7,629 | 200 | 7,629 | 6,560 |

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

33. Comments No conductor casing will be set. Exception Location Request per COGCC Rule 318A.a has been mailed to the surface owner for signature; when received the waiver will be sent to the COGCC.

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: Julie L. Padilla

Title: Regulatory Manager Date: 8/27/2012 Email: jpadilla@petro-fs.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: Matthew Lee Director of COGCC Date: 9/28/2012

| |
|-------------------|
| API NUMBER |
| 05 123 36132 00 |

Permit Number: _____ Expiration Date: 9/27/2014

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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator must meet Water Well Testing requirements as per amended Rule 318Ae(4)

Attachment Check List

| Att Doc Num | Name |
|-------------|-------------------------|
| 1699074 | EXCEPTION LOC REQUEST |
| 1699075 | EXCEPTION LOC WAIVERS |
| 1699076 | LEGAL/LEASE DESCRIPTION |
| 1699115 | SURFACE AGRMT/SURETY |
| 400320587 | FORM 2 SUBMITTED |
| 400320622 | WELL LOCATION PLAT |
| 400320623 | DEVIATED DRILLING PLAN |
| 400320624 | DIRECTIONAL DATA |
| 400321044 | TOPO MAP |
| 400321045 | 30 DAY NOTICE LETTER |

Total Attach: 10 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Attached SUA and corrected Surface & Minerals tab from FEE/FEE Yes/Yes to Fee/Fee No/No SUA attached | 9/27/2012 12:35:35 PM |
| Final Review | corrected lease acreage from 160 to 313 acres and description per attached lease document | 9/26/2012 4:35:49 PM |
| Permit | Final Review Completed. No LGD or public comment received. | 9/24/2012 11:04:27 AM |
| Permit | Corrected proposed TD, & attached Exception Loc Request and waiver as per opr. Ready to pass pending corrections to 2A. | 9/19/2012 9:10:14 AM |
| Engineer | casing program says 7200' - dir plan says 7630 - SC is okay - changed csg/TD to match DP per JP | 9/5/2012 5:17:52 PM |
| Permit | On hold for Exception location request and waiver, and clarification of lease description | 8/31/2012 11:43:16 AM |

Total: 6 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------------------|--|
| Planning | When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources. |
| Construction | Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation .No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment. |
| Site Specific | Specific Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Sundance Energy Inc., will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land. Construct and maintain gates where any roads used by Sundance Energy Inc., its employees, or contractors cross through fences on the leased premises. |
| Drilling/Completion Operations | When available and reasonable use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available. |
| Storm Water/Erosion Control | Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s). |
| Interim Reclamation | Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. |
| Final Reclamation | All surface restoration shall be accomplished to the satisfaction of Owner. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC). |

Total: 7 comment(s)