

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:

400318037

Date Received:

08/22/2012

PluggingBond SuretyID

20120026

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: PEAKVIEW OPERATING COMPANY, LLC4. COGCC Operator Number: 104095. Address: 216 16TH STREET, SUITE 1450City: DENVER State: CO Zip: 802026. Contact Name: Kimberly Rodell Phone: (303)820-4480 Fax: (303)820-4124Email: kim@banko1.com7. Well Name: Ence Well Number: 1H

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

9. Proposed Total Measured Depth: 10906

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 3 Twp: 6N Rng: 90W Meridian: 6Latitude: 40.500343 Longitude: -107.482955

Footage at Surface: 434 feet FNL/FSL 933 feet FEL/FWL FWL

11. Field Name: Buck Peak Field Number: 767512. Ground Elevation: 6206 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 07/23/2012 PDOP Reading: 1.8 Instrument Operator's Name: G.R. Dowling15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 667 FSL 688 FEL/FWL 673 FSL 1996 FEL FWL
 Sec: 3 Twp: 6N Rng: 90W Sec: 4 Twp: 6N Rng: 90W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 241 ft18. Distance to nearest property line: 434 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5585 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):

Horizontal wellbore will cross one lease: T6N R90W Sec. 3: W2SW; Sec. 4: SE; Sec. 9: W2NE, SENW, E2SW

25. Distance to Nearest Mineral Lease Line: 655 ft

26. Total Acres in Lease: 440

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 | 20 | 16 | 84 | 0 | 120 | | 120 | 0 |
| SURF | 14+3/4 | 9+5/8 | 36 | 0 | 2,350 | 1,435 | 2,350 | 0 |
| 1ST | 8+3/4 | 7 | 23 | 2200 | 8,782 | 655 | 8,782 | 2,200 |
| 1ST LINER | 6+1/8 | 4 | 11.6 | 7840 | 10,906 | 0 | | |

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

33. Comments The Application for Permit to Drill (APD) is for the horizontal portion of the wellbore. A non-productive pilot hole will be drilled along with the horizontal portion. The Kick-Off-Point (KOP) is estimated to be at $\pm 7,882'$ MD. A non-productive test will be run in the pilot-hole from 7,840' – 8,757' TVD. After the pilot hole is tested two cement plugs will be set from 7,650' – 8,757'. The horizontal portion of the well will kick off at $\pm 7,882'$ MD, will be drilled, and a liner will run the distance of the horizontal leg. The un-cemented liner will be completed with a Packers Plus completion. The nearest well distance was taken from the proposed bottom hole location of the proposed horizontal well to the existing Kowach 1-9, API No. 05-081-06185.

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: Kimberly J. Rodell

Title: Permit Agent

Date: 8/22/2012

Email: kim@banko1.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: 10/26/2012

API NUMBER

05 081 07756 01

Permit Number: _____

Expiration Date: 10/25/2014

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) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING SHOE TO A MINIMUM OF 200' ABOVE TOP OF GAS (OR OTHER SHALLOWEST-KNOWN PRODUCING HORIZON). VERIFY CEMENT WITH A 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 200 FEET DEEP.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400318037 | FORM 2 SUBMITTED |
| 400318203 | WELL LOCATION PLAT |
| 400318214 | TOPO MAP |
| 400319238 | DEVIATED DRILLING PLAN |
| 400319241 | DRILLING PLAN |
| 400320216 | DIRECTIONAL DATA |
| 400320223 | DIRECTIONAL DATA |

Total Attach: 7 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | This is a horizontal wellbore crossing one mineral lease. Minimum distance to lease line is 655'. No LGD or public comments. Final Review--passed. | 10/24/2012 7:31:08 AM |
| Permit | Removed surface bond; checked "YES" for #22a. | 9/25/2012 10:04:53 AM |
| Permit | Directional data sent in correct format and uploaded. | 8/24/2012 8:49:04 AM |
| Permit | Return to Draft: Directional drilling data attachment will not import, please resend in correct format | 8/23/2012 2:22:42 PM |

Total: 4 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)