

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:

400317845

Date Received:

08/30/2012

PluggingBond SuretyID

20090055

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: PETERSON ENERGY OPERATING INC

4. COGCC Operator Number: 68710

5. Address: 2154 W EISENHOWER BLVD

City: LOVELAND State: CO Zip: 80537

6. Contact Name: CLAYTON DOKE Phone: (970)669-7411 Fax: (970)669-4077

Email: cdoke@petersonenergy.com

7. Well Name: HOSHIKO Well Number: 1-1-36H

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

9. Proposed Total Measured Depth: 8662

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 25 Twp: 5N Rng: 64W Meridian: 6

Latitude: 40.365360 Longitude: -104.496940

Footage at Surface: 806 feet FNL/FSL 2353 feet FEL/FWL FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4588 13. County: WELD

14. GPS Data:

Date of Measurement: 07/23/2012 PDOP Reading: 1.8 Instrument Operator's Name: Brian T. Brinkman

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
460 FNL 2184 FWL 460 FNL 460 FWL
Sec: 36 Twp: 5N Rng: 64W Sec: 36 Twp: 5N Rng: 64W

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: 220 ft

18. Distance to nearest property line: 150 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 212 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		80	GWA

21. Mineral Ownership: ☐ Fee ☒ State ☐ Federal ☐ Indian Lease #: 5555-80

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):

Section 36, Township 5 North, Range 64 West: N/2 NW/4 & S/2 NE/4

25. Distance to Nearest Mineral Lease Line: 460 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: _____

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	360	188	360	0
1ST	8+3/4	7	23	0	6,939	130	6,939	5,942
1ST LINER	6+1/8	4+1/2	11.6	6246	8,662			

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

33. Comments No conductor casing will be run. This well is a Rule 318A(l).a.(4)D Horizontal GWA Well; Proposed Spacing Unit: N/2 NW/4, Sec. 36-5N-64W. Pico Niobrara, LLC is the sole mineral owner as defined in §34-60-103(7), and has consented to the Rule 318A(l).a.(4)D proposed spacing unit and waived the 30-day period for the establishment of said spacing unit. Please see the attached document. Operator respectfully requests a Rule 318A(l).a exception location; this well is outside of a GWA drilling window and is greater than 50' from an existing well. Request is attached. The surface owner has explicitly consented to the location on this and other wells outside of the 318A(l).a windows through the surface use agreement in item 18 ¶ #7, thus no additional waiver is attached.

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: CLAYTON DOKE

Title: PETROLEUM ENGINEER

Date: 8/30/2012

Email: cdoke@petersonenergy.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: 11/7/2012

API NUMBER

05 123 36266 00

Permit Number: _____ Expiration Date: 11/6/2014

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.

Operator must meet water well testing requirements per Rule 318A.

1)Provide notice of MIRU via an electronic Form 42.

2)Comply with Rule 317.i and provide cement coverage from the 7" casing TD to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.

Attachment Check List

Att Doc Num	Name
2288951	SURFACE AGRMT/SURETY
2481793	SURFACE CASING CHECK
400317845	FORM 2 SUBMITTED
400319512	WELL LOCATION PLAT
400320351	PROPOSED SPACING UNIT
400321170	DIRECTIONAL DATA
400321171	DEVIATED DRILLING PLAN
400321581	SURFACE AGRMT/SURETY
400321632	EXCEPTION LOC REQUEST
400322414	30 DAY NOTICE LETTER
400322416	WAIVERS

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Per operator corrected distance to nearest utility and ground elevation. Final Review Completed. No LGD or public comment received.	10/29/2012 12:40:40 PM
Permit	Requested distance to nearest utility and ground elevation.	9/24/2012 7:34:42 AM
Permit	State land board ok with bond and location.	9/24/2012 7:07:25 AM
Permit	Attached a copy of SUA map and input Bradenhead BMP per operator.	9/6/2012 6:51:52 AM
Permit	Requested area covered by SUA.	9/4/2012 2:18:53 PM
Permit	Notified state land board. Requested to put GWA Bradenhead BMP in and for a description of SUA.	9/4/2012 2:18:25 PM
Engineer	Evaluated offset wells for adequate cement coverage.	9/4/2012 12:28:08 PM

Total: 7 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012

Total: 1 comment(s)