

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:

400341745

Date Received:

01/17/2013

PluggingBond SuretyID

20110188

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: TEKTON WINDSOR LLC4. COGCC Operator Number: 103925. Address: 640 PLAZA DRIVE #290City: HIGHLANDS State: CO Zip: 80129
RANCH6. Contact Name: CLAYTON DOKE Phone: (970)669-7411 Fax: (970)669-4077
Email: cdoke@petersonenergy.com7. Well Name: DIAMOND VALLEY SW 4 Well Number: 4-6-22-270-6-NH

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

9. Proposed Total Measured Depth: 14211

WELL LOCATION INFORMATION

10. QtrQtr: SESW Sec: 22 Twp: 6N Rng: 67W Meridian: 6
Latitude: 40.467610 Longitude: -104.881390Footage at Surface: 885 feet FNL/FSL 2146 feet FEL/FWL FWL11. Field Name: WATTENBERG Field Number: 9075012. Ground Elevation: 4772 13. County: WELD

14. GPS Data:

Date of Measurement: 11/16/2011 PDOP Reading: 2.1 Instrument Operator's Name: ADAM KELLY15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 1155 FSL 2148 FWL FWL Bottom Hole: FNL/FSL 1155 FSL 460 FWL FWL
Sec: 22 Twp: 6N Rng: 67W Sec: 21 Twp: 6N Rng: 67W16. Is location in a high density area? (Rule 603b)? ☒ Yes ☐ No17. Distance to the nearest building, public road, above ground utility or railroad: 214 ft18. Distance to nearest property line: 107 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 330 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		480	GWA

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):

MULTIPLE LEASES CONTAINING TOWNSHIP 6 NORTH, RANGE 67 WEST, SECTION 21; S/2, AND TOWNSHIP 6 NORTH, RANGE 67 WEST, SECTION 22; SW/4

25. Distance to Nearest Mineral Lease Line: 460 ft

26. Total Acres in Lease: 480

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	400	212	400	0
1ST	8+3/4	7	23	0	7,306	131	7,306	6,450
1ST LINER	6+1/8	4+1/2	11.6	6500	14,162			

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

33. Comments No conductor casing will be run. Pad slot #4. This well is a Rule 318A(I).a.(4)D Horizontal GWA Well; Proposed Spacing Unit: S/2 of Sec. 21-T6N-R67W & SW/4 of Sec. 22-T6N-R67W. PSU Map is attached. Well distance to nearest spacing unit boundary = 460'. Operator notified on 11/30/12 all owners as defined in C.R.S. §34-60-103(7) within the proposed spacing unit and has received no written objections per Rule 318A(I).e(6)B. Affidavit of mailing and certification of objections are attached. Tekton respectfully requests that the Rule 318A(I).a.(4)D Horizontal well and proposed spacing unit be approved. Operator requests a rule 318A(I).a and 318A(I).c exception location; this well surface location is outside the GWA drilling windows and is greater than 50' from an existing well. Rule 318A (i).a and Rule 318A(I).c request and waiver are attached. Operator also requests a Rule 603.a.(2) exception location; this well is located less than 150' from the property line. The affected surfaceowner is the same as the surface owner for this location. Rule 603.a.(2) request and waiver are attached. The distance indicated in Question 17 is in relation to a Public road. The distance to the nearest building is 350'.

34. Location ID: 430297

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: CONSULTANT

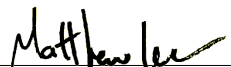
Date: 1/17/2013

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: _____



Director of COGCC

Date: 3/19/2013

API NUMBER

05 123 37015 00

Permit Number: _____

Expiration Date: 3/18/2015

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 as per amended Rule 318Ae(4)

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

2) Comply with Rule 317.i and provide cement coverage a minimum of 200' above the Niobrara. Verify cement coverage with a cement bond log per Rule 317.o.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
2166038	DEVIATED DRILLING PLAN
400341745	APD APPROVED
400341757	PROPOSED SPACING UNIT
400341759	WELL LOCATION PLAT
400366317	DEVIATED DRILLING PLAN
400366318	DIRECTIONAL DATA
400367115	SURFACE AGRMT/SURETY
400367120	EXCEPTION LOC REQUEST
400367121	EXCEPTION LOC REQUEST
400367123	EXCEPTION LOC WAIVERS
400367125	EXCEPTION LOC WAIVERS
400371111	PROPOSED SPACING UNIT
400391648	DIRECTIONAL DATA
400392950	FORM 2 SUBMITTED

Total Attach: 14 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	3/19/2013 11:39:31 AM
Permit	Opr received an objection from an unleased mineral and surface owner to the HZ well running under their property. In response Tekton provided revisions with abstracts and images and directional surveys showing that the wellbore will not trespass into the subject property's subsurface. Attached new directional and directional data sheet, deleted originals, corrected casing and cement as per opr.	3/15/2013 9:51:25 AM
Permit	Directional survey and Plat don't match. Opr has received an objection. Form on hold and opr notified.	3/12/2013 8:19:20 AM
Permit	Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached. Operator requests approval of a Rule 603.a.(2) exception location: Wellhead is to be located less than 150' from a property line. Request letter and waivers attached.	3/6/2013 11:20:54 AM
Engineer	Evaluated offset wells for adequate coverage.	1/23/2013 11:16:19 AM
LGD		1/18/2013

	<p>The Windsor Town Board granted conditional use approval for the subject oil and gas facilities on August 27, 2012 subject to the following conditions:</p> <p>A Conditional Use Grant for oil and gas facilities for twelve (12) oil and gas wells located on Lots 5 and 6, Diamond Valley Subdivision 4th Filing, approximately eight hundred feet (800') north of Eastman Park Drive and one hundred and eighty feet (180') west of Diamond Valley Drive in the Limited Industrial zoning district.</p> <p>Approval of the Conditional Use Grant is subject to the following conditions:</p> <p>1. Prior to the commencement of drilling, the applicant shall submit comprehensive "Drilling and Site Improvement Plans" for review and approval by the Town. Such plans shall address initial drilling activities, initial installation of site improvements and details, and on-going perpetual maintenance of the subject site including, but not limited to, the following:</p> <p>a. Site access plan. The Drilling and Site Improvement Plans and supplemental information shall address site access points and haul routes for review and approval.</p> <p>b. Public street clean-up and tracking prevention. The Drilling and Site Improvement Plans and supplemental information shall include a tracking pad for review and approval.</p> <p>c. Site grading. The Drilling and Site Improvement Plans and supplemental information shall address site grading, including any earth berms for emergency containment.</p> <p>d. Site lighting. The Drilling and Site Improvement Plans and supplemental information shall include details regarding site lighting fixtures and locations. Security and other site lighting shall utilize full cutoff light fixtures to mitigate light pollution.</p> <p>e. Temporary screening. The applicant shall install a buffer to screen the initial drilling activities and installation of site improvements from surrounding neighborhoods and streets.</p> <p>f. Fencing. The Drilling and Site Improvement Plans shall depict fencing of the perimeter of the site. Fencing materials shall be reviewed for approval by the Town based upon the character of the surrounding neighborhood.</p> <p>g. Oil and gas equipment.</p> <p>(1) The applicant shall utilize electric motors in order to mitigate the noise impacts to the neighboring properties.</p> <p>(2) The applicant shall ensure that the wells and tanks are of the minimum size required to satisfy present and future functional requirements to mitigate visual impacts.</p> <p>(3) Low profile tanks shall be utilized and shall be installed in the least visible manner possible.</p> <p>(4) All tanks and equipment shall be painted to blend-in with the surrounding landscape.</p> <p>h. Air quality.</p> <p>(1) The applicant shall participate in any required Environmental Protection Agency (EPA) air quality monitoring and/or testing by allowing EPA to install equipment on site for said monitoring and testing.</p> <p>(2) The applicant shall install and operate an emissions control device (ECD) capable of reducing Volatile Organic Compound (VOC) emissions on the subject oil and gas equipment in accordance with Colorado Oil and Gas Conservation</p>	<p>9:33:52 AM</p>
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	<p>Commission (COGCC) and/or the Colorado Department of Public Health and Environment (CDPHE) rules and regulations.</p> <p>(3)The applicant shall submit to the Town copies of all air emissions reporting as required by the COGCC and/or the CDPHE's Air Pollution Control Division.</p> <p>i.Water quality.</p> <p>(1)The applicant shall ensure that any hydrocarbon discharges from the site comply with all state and federal water quality requirements.</p> <p>(2)The applicant shall participate in the Colorado Oil and Gas Association (COGA) Baseline Groundwater Quality Sampling Program utilizing independent third party sampling and laboratories and shall provide to the Town test results obtained before and after drilling operations.</p> <p>j.Emergency containment.The secondary containment berm surrounding all storage vessels shall be designed and constructed to contain a minimum of 110% of the volume of the largest vessel located within the containment area or to State of Colorado standards, whichever requirements are more stringent.</p> <p>k.Waste disposal.The applicant shall submit to the Town copies of all waste management reports as required by the COGCC and/or the CDPHE rules and regulations.</p> <p>l.The following certification blocks shall be included on the Drilling and Site Improvement Plans:</p> <p>(1)A signed owner's acknowledgement certification block.</p> <p>(2)A signed drilling operator's acknowledgement certification block.</p> <p>m.The following notes shall be included on the Drilling and Site Improvement Plans:</p> <p>(1)The applicant shall comply with all rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC).</p> <p>(2)The applicant shall comply with all rules and regulations of the Colorado Department of Public Health and Environment (CDPHE).</p> <p>(3)The applicant shall maintain on-going compliance with all conditions of the Town and Windsor-Severance Fire Rescue.</p> <p>(4)The facilities shall be kept clean and otherwise properly maintained at all times.</p> <p>(5)The existing access may be utilized for oil and gas well activities.This access point is temporary and will be required to be removed at such time that permanent access is available in the future.</p> <p>2.The applicant shall obtain all necessary approvals through the Colorado Oil and Gas Conservation Commission (COGCC) and Colorado Department of Public Health and Environment (CDPHE) prior to commencing drilling operations.</p> <p>3.The applicant shall obtain any applicable building permits from the Town prior to constructing any improvements on the site.</p> <p>4.The applicant shall address and comply with the conditions of Windsor-Severance Fire Rescue.</p> <p>5.The applicant shall address all of the enclosed comments from the Town Engineering Department.</p>		
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Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	Bradenhead Monitoring BMP: Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
Drilling/Completion Operations	Anti-Collision BMP: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.

Total: 2 comment(s)