

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:

400395423

Date Received:

03/28/2013

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 INC4. COGCC Operator Number: 103405. Address: 633 17TH STREET #1950City: DENVER State: CO Zip: 802026. Contact Name: Jeff Reale Phone: (970)663-1448 Fax: (970)667-0046Email: jeff@mistymountainop.com7. Well Name: Hornung Well Number: 11-28

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

9. Proposed Total Measured Depth: 7565

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 28 Twp: 4N Rng: 68W Meridian: 6Latitude: 40.290850 Longitude: -105.017080

Footage at Surface: 200 feet FNL 200 feet FWL
 FNL/FSL FEL/FWL

11. Field Name: Wattenberg Field Number: 9075012. Ground Elevation: 4902 13. County: WELD

14. GPS Data:

Date of Measurement: 03/13/2013 PDOP Reading: 2.0 Instrument Operator's Name: C.V.M15. 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
661 FNL 667 FWL 661 FNL 667 FWL
 Sec: 28 Twp: 4N Rng: 68W Sec: 28 Twp: 4N Rng: 68W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 256 ft18. Distance to nearest property line: 200 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1333 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/Niobrara | NB-CD | 407-87 | 80 | N/2 NW/4 |

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):

N/2 NW/4 Section 28, T4N, R67W

25. Distance to Nearest Mineral Lease Line: 661 ft

26. Total Acres in Lease: 80

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 | 650 | 400 | 650 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7,565 | 460 | 7,565 | 3,000 |

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

33. Comments No conductor casing will be set

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: Jeff Reale

Title: Agent Date: 3/28/2013 Email: jeff@mistymountainop.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: 5/18/2013

API NUMBER

05 123 37371 00

Permit Number: _____ Expiration Date: 5/17/2015

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.

- 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)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400395423 | FORM 2 SUBMITTED |
| 400396013 | WELL LOCATION PLAT |
| 400396014 | TOPO MAP |
| 400396619 | DEVIATED DRILLING PLAN |
| 400397759 | DIRECTIONAL DATA |
| 400398273 | SURFACE AGRMT/SURETY |
| 400407626 | EXCEPTION LOC REQUEST |
| 400407627 | EXCEPTION LOC WAIVERS |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Final review complete. | 5/15/2013 9:57:56 AM |
| Engineer | changed csg to dir plan; changed wt to known wt | 5/7/2013 12:51:41 PM |
| Permit | Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached. Ready to pass pending public comment 5/14/13. | 4/23/2013 2:04:46 PM |
| Permit | Received exception location waiver and request. Passed completeness. | 4/23/2013 8:37:44 AM |
| Permit | Returned to draft. Requested exception location waiver and request, corrected total depth, and corrected distance to nearest lease line. | 4/2/2013 9:53:01 AM |
| Permit | RTD: Directional data does not post Top of production zone and therefore distance to lease line appears incorrect. Well location outside the drilling window. Need exception location request letter. Need waiver unless SUA specifically allows wells in proposed location | 3/29/2013 8:48:40 AM |

Total: 6 comment(s)

BMP

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