

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

E/2SE/4 S4 T33N R7W

Total Acres in Described Lease: 80 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 247 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1144 Feet
 Building Unit: 1144 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 2376 Feet
 Above Ground Utility: 1316 Feet
 Railroad: 5280 Feet
 Property Line: 116 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
 - Enter 5280 for distance greater than 1 mile.
 - Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
 - Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
 - Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
 - Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1072 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 663 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
FRUITLAND COAL	FRLDC	112-190	320	S/2

DRILLING PROGRAM

Proposed Total Measured Depth: 4158 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1030 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 608

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

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	500	350	500	0
1ST	7+7/8	5+1/2	17	0	4158	600	4158	0

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number
- Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Nolan Redmond

Title: Geo/Eng Tech Date: 11/11/2013 Email: nredmond@catamountep.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: 2/2/2014

Expiration Date: 02/01/2016

API NUMBER

05 067 09903 00

Conditions Of Approval

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.

<u>COA Type</u>	<u>Description</u>
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	1) Provide 48 hour notice via form 42 2) Provide cement coverage of production casing from TD to surface. Verify cement coverage with Cement Bond Log. 3) Run and submit Directional Survey for primary well bore and for each lateral section 4) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well. 5) Sample and test two closest water wells within 1/4 mile swath of lateral wellbore Fruitland Coal (horizontal dimension – top to bottom of pay). 6) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales 7) Comply with all applicable provisions of Order 112-190 8) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss & receive prior approval from COGCC Regional Engineer – Mark Weems 970-259-4587 off 970-749-0624 cell mark.weems@state.co.us
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.
	Changed distance to lease line to reflect productive portion of the pilot to th submitted lease.

Best Management Practices

<u>No BMP/COA Type</u>	<u>Description</u>

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
1857391	SELECTED ITEMS REPORT
2518877	SURFACE AGRMT/SURETY
2518880	SURFACE AGRMT/SURETY
400508392	FORM 2 SUBMITTED
400508468	DIRECTIONAL DATA
400508540	DEVIATED DRILLING PLAN
400508566	WELL LOCATION PLAT
400510219	EXCEPTION LOC REQUEST
400510301	OffsetWellEvaluations Data
400510424	P&A ASSESSMENT
400510425	OTHER

Total Attach: 11 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed; no LGD or public comment received.	1/31/2014 8:19:21 AM
Permit	Operator is requesting an exception from the 150' property line setback. The waiver is contained in the SUA's for both sides of the property line.	1/31/2014 8:09:24 AM
Permit	Changed distance to unit boundary to reflect nearest distance of the unit to the productive portin of the pilot(BHL)	1/31/2014 8:05:27 AM
Permit	Attached both SUA's with exhibit A showing acreage covered by SUA.	1/15/2014 8:55:54 AM
Permit	Operator removed the surface bond as right to construct and provided exhibit A showing acreage covered by SUA. Pilots DO contribute to the total production.	1/2/2014 8:24:45 AM
Permit	Changed distance between productive interval of wells to 1072 feet(Campbell 1H to 2H pilots). Pilots will be approved at nearly the same time. Waiting on word as whether the pilots will contribute to the production.	12/31/2013 12:17:43 PM
Permit	Operator has the SUA on both sides of the property line. Need exhibit A to determine if wells are spotted on the agreed upon property.	12/31/2013 11:24:49 AM
Permit	This is a pilot/lateral drilling plan. The pilot APD must be approved first and will have (00) wellbore designation. There are two planned sidetracks to this wellbore permit.	12/3/2013 12:41:40 PM
Permit	Right to construct should not include surface bond since signed SUA is attached.	12/3/2013 11:19:22 AM
Permit	Form passes completeness.	11/12/2013 2:15:51 PM

Total: 10 comment(s)