

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.)

Township 4 North, Range 67 West, 6th P.M., Section 28: N1/2

Total Acres in Described Lease: 320 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: 238 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 943 Feet

Building Unit: 1030 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 200 Feet

Above Ground Utility: 235 Feet

Railroad: 5280 Feet

Property Line: 210 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: 12/16/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 234 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 500 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Spacing Unit configuration: N2N2 of Sec 28 and S2S2 of Sec 21 T4N R67W

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| NIOBRARA | NBRR | | 320 | GWA |

DRILLING PROGRAM

Proposed Total Measured Depth: 11610 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 234 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Beneficial reuse or land application plan submitted? Yes

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 | 9+5/8 | 36 | 0 | 875 | 830 | 875 | 0 |
| 1ST | 8+7/8 | 7 | 26 | 0 | 7601 | 650 | 7601 | 500 |
| 1ST LINER | 6+1/8 | 4+1/2 | 11.6 | 6392 | 11610 | | | |

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 7" casing string will be cemented to at least 200' above Niobrara, around 500' from surface. CBL will only be run in the vertical section of the wellbore. Distance to nearest well McCarty 28-6 measured to via the Anti-Collision Report in the Deviated Drilling plan. Building Unit within the exception zone is a partially boarded up, uninhabited home. Contact was made with the owner of the Building Unit and the owner waived all notice, meeting, and mitigation requirements covered under Rule 305.a, 305.c., 306.e, 604.c.(2).A-W., and the MIRU policy effective Dec. 16, 2013. Waiver is attached.

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: Liz Lindow

Title: Regulatory Analyst Date: 1/3/2014 Email: liz.lindow@pdce.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: 2/8/2014

Expiration Date: 02/07/2016

| |
|-------------------|
| API NUMBER |
| 05 123 38900 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> |
|-----------------|--|
| | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from the bottom of the production casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well. |
| | Final review complete. |
| | Rule 317.o 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 Form 5 for every well on the pad shall identify which well was logged. |
| | Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013. |

Operator acknowledges the proximity of:

McCarty 2 (API NO 123-10514): [OPTION 1, MAYBE OPTION 4] This well will be remediated prior to hydraulic stimulation using option #1. It is possible all that will be required is a cement bond log. If cement is sufficient to isolate the Niobrara formation an option 4 procedure as noted below will be recommended. A Form 42 "Notice of Notification" will be submitted after the work is completed.

McCarty 28-1 (API NO 123-12931): [OPTION 4] Although surface casing is set above the base of the Fox Hills aquifer, the production casing is cemented to a height sufficient to cover the Niobrara formation This well will be mitigated under option #4 using a retrievable bridge plug placed over the Niobrara formation, the casing will be pressure tested to 2000 psi, and the installation of a 5K psi well head. The bradenhead will be visually monitored for flow during offsetting fracing operations.

McCarty 28-2 (API NO 123-12945): [OPTION 4] Although surface casing is set above the base of the Fox Hills aquifer, the production casing is cemented to a height sufficient to cover the Niobrara formation This well will be mitigated under option #4 using a retrievable bridge plug placed over the Niobrara formation, the casing will be pressure tested to 2000 psi, and the installation of a 5K psi well head. . The bradenhead will be visually monitored for flow during offsetting fracing operations.

Hicks 41-29 (API NO 123-20283): [OPTION 4] Although surface casing is set above the base of the Fox Hills aquifer, the production casing is cemented to a height sufficient to cover the Niobrara formation This well will be mitigated under option #4 using a retrievable bridge plug placed over the Niobrara formation, the casing will be pressure tested to 2000 psi, and the installation of a 5K psi well head. . The bradenhead will be visually monitored for flow during offsetting fracing operations.

Operator acknowledges the proximity of the non-operated wells:

Gollner O 27-04 (API NO 123-15969): [OPTION 4] Although surface casing is set above the base of the Fox Hills aquifer, the production casing is cemented to a height sufficient to cover the Niobrara formation This well will be mitigated under option #4 using a retrievable bridge plug placed over the Niobrara formation, the casing will be pressure tested to 2000 psi, and the installation of a 5K psi well head. . The bradenhead will be visually monitored for flow during offsetting fracing operations.

Gollner O 27-05 (API NO 123-15970): [OPTION 4] Although surface casing is set above the base of the Fox Hills aquifer, the production casing is cemented to a height sufficient to cover the Niobrara formation This well will be mitigated under option #4 using a retrievable bridge plug placed over the Niobrara formation, the casing will be pressure tested to 2000 psi, and the installation of a 5K psi well head. . The bradenhead will be visually monitored for flow during offsetting fracing operations.

Best Management Practices

| No BMP/COA Type | Description |
|----------------------------------|--|
| 1 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. The Colorado Oil and Gas Conservation Commission (COGCC) has established this Policy Regarding Bradenhead Monitoring During Hydraulic Fracturing Treatments ("Treatment") in the Greater Wattenberg Area ("GWA") pursuant to COGCC 207.a. ("Policy"). This Policy applies to oil and gas operations in the GWA as defined by the COGCC Rules of Practice and Procedure. |

Total: 1 comment(s)

Applicable Policies and Notices to Operators

- Notice Concerning Operating Requirements for Wildlife Protection.
- Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

| Att Doc Num | Name |
|--------------------|----------------------------|
| 400522220 | FORM 2 SUBMITTED |
| 400532366 | DEVIATED DRILLING PLAN |
| 400532367 | WELL LOCATION PLAT |
| 400532368 | DIRECTIONAL DATA |
| 400532371 | 30 DAY NOTICE LETTER |
| 400532372 | EXCEPTION LOC WAIVERS |
| 400532373 | EXCEPTION LOC REQUEST |
| 400532376 | PROPOSED SPACING UNIT |
| 400532420 | SURFACE AGRMT/SURETY |
| 400532813 | WAIVERS |
| 400534797 | OffsetWellEvaluations Data |

Total Attach: 11 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|--|-------------------------|
| Permit | Note that the Pre-applicaion request is included in the attachment "Waivers". Ready to pass pending public comment 1/27/14. | 1/8/2014 10:01:13 AM |
| Permit | Passed completeness. | 1/6/2014 9:17:19 AM |

Total: 2 comment(s)