

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.)

4N-63W-4: Lot 2, S/2NW/4, SW/4 and all that part of the E/2 lying west of a line parallel to 2,159 feet West of the East line of said Section 4

Total Acres in Described Lease: 384 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 252 Feet

Building Unit: 378 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 276 Feet

Above Ground Utility: 241 Feet

Railroad: 5280 Feet

Property Line: 170 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: 01/04/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 430 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Proposed GWA Wellbore Spacing Unit: W/2W/2 Section 4; E/2E/2 Section 5; E/2NE/4 Section 8; W/2NW/4 Section 9: all in Township 4N Range 63W, Weld County, Colorado: 480 acres.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		480	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 13866 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 390 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: 427606 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	13+1/2	9+5/8	36	0	410	200	410	0
1ST	8+3/4	7	26	0	6900	500	6900	2500
1ST LINER	6+1/8	4+1/2	11.6	6800	13866			

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 Operator requests a GWA Wellbore Spacing Unit: W/2W/2 Section 4; E/2E/2 Section 5; E/2NE/4 Section 8; W/2NW/4 Section 9: all in Township 4N Range 63W, Weld County, Colorado. Operator self-certification attached.

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

Location ID: 431774

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: _____ Print Name: Keith Caplan

Title: Sr. Regulatory Specialist Date: 1/7/2014 Email: kcaplan@bonanzacrk.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: 2/27/2014

Expiration Date: 02/26/2016

API NUMBER 05 123 39024 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>
	Operator acknowledges the proximity of the non-operated wells: The Rothe 13-4 (API NO 123-12209), the Baker 5-41 (API NO 123-19884), and the Duell 1 (API NO 123-07156) wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.
	Operator acknowledges the proximity of the Wetco Farms 12-4 (API NO 123-20274). Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.
	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.
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Traffic control	Whenever possible, water will be delivered to site via pipeline, as opposed to trucking. This is dependent upon location of pipelines relative to the location and our ability to make temporary right of way agreements for associated temporary water lines.
2	Dust control	<p>The location and access roads will be watered, as needed, to prevent the formation of fugitive dust due to truck traffic and equipment operations. Additionally, exceptionally sandy locations will be plated with up to 4-inches of cohesive soils or Class V Roadbase.</p> <p>During frac'ing operations, dust control socks will be placed on the mountain movers/sand masters and storage bins to control the spread of fugitive silica dust.</p> <p>During hydraulic fracturing operations to be conducted within 1000' of a home or "building unit", and/or a public road, a Sierra Frac Sand, LLC Total Dust Control System, or equivalent, will be implemented in order to control the release of fugitive dust from inspection hatches on top of the bulk storage movers, transfer belts, "T" or "V" belts leading to the blender hopper, and drop points throughout the activities of unloading, storing, transfer or conveying of sand used in hydraulic fracturing operations.</p>
3	Noise mitigation	<p>A noise study to be conducted by Behrens and Associates, Inc. has been scheduled for the proposed drill rig for this location. The results of the noise study will be used to model the drill rig at the proposed drilling location. Noise abatement BMPs will be instituted, as prescribed by Behrens and Associates, in order to effectively maintain noise levels in compliance with COGCC rules 802 and 604 (as applicable).</p> <p>The BMPs may include, but are not limited to; free standing portable acoustic barriers with a rating of STC-25, catwalk noise deadening material, perimeter sound walls varying from 16' to 32' high with a rating of STC-25 or STC-32, rig floor acoustical blankets with a rating of STC-25, and semi-permanent barriers placed around production equipment with a rating of STC-40.</p>
4	Odor mitigation	<p>Oil and gas facilities and equipment will be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.</p> <p>If drilling mud is to sit stagnant for any lengthy period of time, biocides will be added to prevent the build-up of nuisance odors.</p>
5	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.
6	Drilling/Completion Operations	<p>Best Management Practice for Anti-Collision</p> <p>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 well. 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.</p>
7	Drilling/Completion Operations	To the extent practicable, site lighting will be directed downward and inward and shielded so as to avoid glare on public roads and building units within one thousand (1000) feet of the drilling or production location.

Total: 7 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

<u>Att Doc Num</u>	<u>Name</u>
2157435	SURFACE AGRMT/SURETY
2157458	EXCEPTION LOC REQUEST
2157459	BUFFER ZONE NOTIFICATION
2157532	EXCEPTION REQUEST TO RULE 317.o
400519563	FORM 2 SUBMITTED
400528600	EXCEPTION LOC REQUEST
400528609	EXCEPTION LOC WAIVERS
400528663	PROPOSED SPACING UNIT
400528666	PROPOSED SPACING UNIT
400528693	WELL LOCATION PLAT
400528694	DEVIATED DRILLING PLAN
400528695	DIRECTIONAL DATA
400535801	OffsetWellEvaluations Data

Total Attach: 13 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Oper. submitted Exception Request Letter to Rule 317.o. No LGD or public comments. Final Review--passed.	2/27/2014 8:28:10 AM
OGLA	Added exception zone BMPs as provided by BCE that describe planned nuisance mitigation measures.	2/25/2014 9:52:41 AM
Permit	Oper. submitted Exception Loc. Req. ltr. and notification zone map. Oper. corrected dist. to nearest bldg.	1/21/2014 11:17:03 AM
Permit	Distance to bldg. correct? Added OGLA task for mitigation BMP's review. Req'd oper. submit mitigation BMP's to OGLA. Req'd exc. location request ltr. Checked exception box for Rule 604.b.(1)A. Oper. submitted SUA. Changed right to construct to SUA and deleted surface bond.	1/13/2014 1:47:23 PM
Permit	Passed completeness.	1/7/2014 10:54:28 AM
Permit	Returned to draft: Missing date of 305.a.(2) buffer zone notification to building unit owner in Cultural Setbacks tab.	1/7/2014 10:32:46 AM

Total: 6 comment(s)