

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Document Number:

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Date Received:

06/03/2013

PluggingBond SuretyID

20110078

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: DAKOTA EXPLORATION LLC 4. COGCC Operator Number: 103545. Address: 8801 S. YALE AVENUE, SUITE 120City: TULSA State: OK Zip: 741376. Contact Name: Jake Cinnamon Phone: (918)8068687 Fax: (918)8068688Email: jcinnamon@dakotaexploration.com7. Well Name: Denny Well Number: 2-11-11-59H

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

9. Proposed Total Measured Depth: 10390

WELL LOCATION INFORMATION

10. QtrQtr: NE NW Sec: 11 Twp: 11N Rng: 59W Meridian: 6Latitude: 40.945120 Longitude: -103.946020Footage at Surface: 350 feet FNL 1945 feet FWL11. Field Name: WILDCAT Field Number: 9999912. Ground Elevation: 5274 13. County: WELD

14. GPS Data:

Date of Measurement: 05/28/2013 PDOP Reading: 1.1 Instrument Operator's Name: Craig Burke15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: 923 FNL 1945 FWL Bottom Hole: 600 FSL 1945 FWL
Sec: 11 Twp: 11N Rng: 59W Sec: 11 Twp: 11N Rng: 59W16. Is location in a high density area? (Rule 603b)? Yes No17. Distance to the nearest building, public road, above ground utility or railroad: 3275 ft18. Distance to nearest property line: 1945 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1320 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	535-399	640	S.11:All

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):

See attached.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 1920

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
CONDUCTOR	24	20		0	80			
SURF	12+1/4	9+5/8	36	0	1350	531	1350	0
1ST	8+3/4	7	26	0	6630	223	6630	5230
1ST LINER	6+1/8	4+1/2	11.6	5680	10390			

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

33. Comments The distance referred to in question 17 is in reference to the nearest above ground utility. The distance to the nearest building is 3595'.

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: Paul Collins

Title: Managing Member Date: 6/3/2013 Email: pcollins@dakotaexploration.co

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: 3/8/2014

API NUMBER
05 123 39052 00

Permit Number: _____ Expiration Date: 3/7/2016

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.

Description

Operator acknowledges the proximity of the following wells: Klinginsmith #1, 123-10020. Operator agrees to: provide mitigation option 1, 2 or 3 (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 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

- 1) Provide 48 hour notice of spud via electronic Form 42.
- 2) Set at least 1350' of surface casing. Cement to surface.
- 3) Provide cement coverage to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 4) 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.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
1897815	OFFSET WELL EVALUATION - signed
400423112	FORM 2 SUBMITTED
400427233	LEGAL/LEASE DESCRIPTION
400427519	WELL LOCATION PLAT
400427829	DIRECTIONAL DATA
400427830	DEVIATED DRILLING PLAN
400428093	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

User Group	Comment	Comment Date
Permit	Oper. submitted logging BMP. No LGD or public comments. Final Review--passed.	3/6/2014 8:16:13 AM
Permit	Added spacing order approved 9/13. Related 2A on hold missing info. Emailed oper. requesting info be submitted by 12/6/13 or applications will be withdrawn.	11/6/2013 8:58:11 AM
Engineer	Received and attached signed agreement to comply with DJ Horizontal Offset Policy #1897815. Removed Hold.	10/23/2013 10:56:29 AM
Engineer	On Hold - Wells within 500' of the proposed directional plan lack adequate formation isolation: Klinginsmith #1, 123-10020 Emailed operator rep (jcinnamon@dakotaexploration.com).	6/27/2013 5:21:43 PM
Permit	Initial review complete.	6/11/2013 6:38:14 AM
Permit	Operator submitted hearing application for July hearing. This form has passed completeness.	3/5/2013 2:49:32 PM
Permit	Returned to draft. Requested information on submittal of a proposed spacing order.	3/4/2013 9:33:17 AM

Total: 7 comment(s)

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	Open hole resistivity log with gamma ray will be run in the vertical portion of the wellbore to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage. This open hole log will be submitted with the Form 5 - Completion Report and all shallow formation tops will be reported on the form 5.

Total: 1 comment(s)