

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter **Recomplete and Operate**

Date Received:
02/27/2014

TYPE OF WELL OIL GAS COALBED OTHER _____ Refilling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES Sidetrack

Well Name: MILLER-REDIESS Well Number: 2-A

Name of Operator: PADCO LLC COGCC Operator Number: 24500

Address: P O BOX 5275

City: BEVERLY HILLS State: CA Zip: 90209-5275

Contact Name: DAN TICHMOND Phone: (310)2765796 Fax: (310)2469486

Email: DAN@DSRINC.NET

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 19710007

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 23 Twp: 3N Rng: 54W Meridian: 6

Latitude: 40.207120 Longitude: -103.385820

Footage at Surface: 660 feet FNL/FSL FSL 1976 feet FEL/FWL FEL

Field Name: LOBO Field Number: 50800

Ground Elevation: 4407.7 County: WASHINGTON

GPS Data:

Date of Measurement: 11/15/2007 PDOP Reading: 1.6 Instrument Operator's Name: TIM LIEBERT

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

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
(check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

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.)

SW/4 SE/4 SEC 23-T3N-R54W

Total Acres in Described Lease: 40 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: 660 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1700 Feet

Above Ground Utility: 3300 Feet

Railroad: 5280 Feet

Property Line: 660 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: 1330 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary _____ 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.)
D SAND	DSND			

DRILLING PROGRAM

Proposed Total Measured Depth: 4890 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1260 Feet (Including plugged wells)

Will a closed-loop drilling system be used? _____

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 N/A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: _____ Drilling Fluids Disposal Methods: _____

Cuttings Disposal: _____ Cuttings Disposal Method: _____

Other Disposal Description:

Beneficial reuse or land application plan submitted? No

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	146	235	146	0
1ST	7+7/8	5+1/2	14 & 15.5	0	4870	125	4870	4120

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 303.d.

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

SEE ATTACHED WELLBORE DIAGRAM, LOG STRIP, PLAT/SURVEY, PROGNOSIS AND REQUEST FOR EXIGENT CONSIDERATION

The well in question has been producing since 1964. As such, Padco has already paid surface damages for the original drilling operations, and will be required to remediate the surface upon plugging of the well (and do so to the satisfaction of both the Commission and the surface owner).per Operator 3/13/2014

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

Location ID: 317050

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: DAN TICHMOND

Title: FIELD OPERATIONS SUPERVIS Date: 2/26/2014 Email: DAN@DSRINC.NET

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: 3/26/2014

Expiration Date: 03/25/2016

API NUMBER
05 121 07237 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) Pass MIT. 2) Provide remedial cement from 450' to 50' above surface casing shoe, due to 400' WW in SESW 14-3N-54W or provide annual bradenhead test <50 psi. 3) Run CBL to confirm top of cement at least 200' above D-Sand and provide remedial cement if not. 4) If operator decides to plug well: Provide 48 hour notice of plugging MIRU via electronic Form 42. Set CIBP and 2 sx cement 50' above D-Sand, 40 sx stub plug if casing is pulled, 40 sx perf & squeeze or open hole at 450'-350', 50 sx perf & squeeze or open hole at 200'-100' tag shoe plug, 15 sx at 50' to surface in casing and annulus or open hole. Submit Form 6-subsequent report of well abandonment.

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
2089888	FORM 2 SUBMITTED
2089889	WELLBORE DIAGRAM
2089890	OTHER
2089891	WELL LOCATION PLAT
2089892	PROPOSED RECOMPLETION PROCEDURE

Total Attach: 5 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed; no LGD or public comment received.	3/24/2014 4:36:28 PM
Permit	COGCC denied early approval prior to the termination of the comment period. Will attempt approval of permit by early April.	3/18/2014 1:20:47 PM
Permit	Right to construct appears to be an old agreement in which surface damages were paid.	3/18/2014 1:18:57 PM
Permit	Requested clarification on the right to construct location.	3/12/2014 6:52:00 AM
Permit	This form was not filled out completely or correctly: Plugging bond # incorrect. Missing location ID number. How is the mineral owner committed to a lease if he is not the mineral owner. D Sand unit removed since there are no D Sand Units. Distance to other wells penetrating planned objective and completed in the same formation were left blank. COGCC filled in those values. Request for early approval due to exigent circumstances will not happen until form is complete. Variance request to rule is incorrect. Changed to correct Rule reference. The NOAV was issued 2/1/2013. Corrective action was to be done by 1/8/2014. Dismissal of the public comment period will not achieve compliance by a date 2 months delinquent already.	3/11/2014 2:27:26 PM
Permit	Typo in contact name. Used bonding instrument number instead of surety ID 1971-0007. Repeated on surface and minerals tab. Well has NOAV dated 1/8/14. Drilling program incomplete. 502.b Variance not required but is checked Requesting Exigent due to rig and our NOAV date of 4/8/14. Allowing form through completeness.	3/4/2014 7:27:16 AM

Total: 6 comment(s)