

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
07/01/2014

TYPE OF WELL OIL GAS COALBED OTHER _____

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: SCHERLER Well Number: 1-10

Name of Operator: MULL DRILLING COMPANY INC COGCC Operator Number: 61250

Address: 1700 N WATERFRONT PKWY B#1200

City: WICHITA State: KS Zip: 67206-6637

Contact Name: MARK SHREVE Phone: (316)264-6366 Fax: (316)264-6440

Email: MSHREVE@MULLDRILLING.COM

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20000063

WELL LOCATION INFORMATION

QtrQtr: NENE Sec: 10 Twp: 17S Rng: 45W Meridian: 6

Latitude: 38.596830 Longitude: -102.438610

Footage at Surface: 849 feet FNL/FSL 952 feet FEL/FWL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 4148 County: KIOWA

GPS Data:
Date of Measurement: 06/17/2014 PDOP Reading: 2.1 Instrument Operator's Name: ELIJAH FRANE

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: oil and gas lease

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.)

ALL SECTION 10-17S-45W, 6TH P.M.

Total Acres in Described Lease: 640 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: 849 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4500 Feet

Building Unit: 4838 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 952 Feet

Above Ground Utility: 917 Feet

Railroad: 5280 Feet

Property Line: 849 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: 1708 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.)
LANSING	LNSNG			
MARMATON	MRTN			
MISSISSIPPIAN	MSSP			
MORROW	MRRW			

DRILLING PROGRAM

Proposed Total Measured Depth: 5500 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1708 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

Is H2S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? Yes (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 609

DRILLING WASTE MANAGEMENT PROGRAM

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

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

Other Disposal Description:

WATER BASED BENTONITIC DRILLING FLUIDS, EXCEPT DE MINIMIS AMOUNTS, WILL BE REMOVED FROM THE DRILLING PIT AND DISPOSED IN ACCORDANCE WITH THE 900 SERIES RULES.

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	300	200	300	0
1ST	7+7/8	5+1/2	15.5	0	5500	250	5500	3800
	7+7/8	5+1/2	Stage Tool	0	2600	350	2600	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: TANNIS TRITT _____

Title: EXECUTIVE ASSISTANT Date: 7/1/2014 Email: TTRITT@MULLDRILLING.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: 8/10/2014

Expiration Date: 08/09/2016

API NUMBER

05 061 06893 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.

COA Type

Description

	1) Provide 48 hour notice prior to spud via electronic Form 42. 2) Ensure cement coverage of production casing to at least 200' above Lansing and across Cheyenne/Dakota (1850' - 1250'). Verify w/ CBL. 3) If well is a dry hole set the following plugs: 40 sks cement at Morrow top, 40 sks cement at Marmaton top, 40 sks cement at Lansing top, 40 sks cement across any DST w/ show, 40 sks cement at 1850', 40 sks cement at 1250', 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.
	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.

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	<ul style="list-style-type: none"> • Conduct Initial Site Assessment <ul style="list-style-type: none"> o Identification of nearby water bodies o Identification of vegetation types o Identification of protected wildlife species o Identification of potential access routes to minimize disturbances o Identification of nearby improvements
2	Pre-Construction	<ul style="list-style-type: none"> • Preparation of a Storm Water Pollution Prevention Plan. Acquisition of a Storm Water Discharge Permit • Consultation with the surface landowner or appointed agent • Finalize access routes • Finalize well pad location to minimize surface grade impacts • Finalize well pad layout to minimize disturbances • Develop wildlife management plan if protected species are present
3	General Housekeeping	<ul style="list-style-type: none"> • Drilling and production operations conducted in safe, workmanlike manner. Safety expectations include good housekeeping. • During drilling/completion operations, debris stored in caged container which is removed from the site. • During production operations, the lease is inspected daily by MDC personnel.
4	Wildlife	<ul style="list-style-type: none"> • Development and implementation of a Wildlife Management Plan if protected species are present
5	Storm Water/Erosion Control	<ul style="list-style-type: none"> • During drilling / completion operations, implementation of Storm Water Pollution Prevention Plan • Following drilling/completion operations, prompt reclamation of disturbed areas • During production operations, implementation of MDC's Post Construction Storm Water Management Program
6	Material Handling and Spill Prevention	<ul style="list-style-type: none"> • During drilling/completion operations, storage areas graded towards pit • During production operations, implementation of Spill Prevention, Control and Countermeasure Plan & daily inspection • All stock and produced water tanks have secondary containment
7	Construction	<ul style="list-style-type: none"> • Access road, well pad and pit disturbances minimized • Soils segregated by type to facilitate reclamation • Storm water controls deployed and routinely inspected
8	Drilling/Completion Operations	<p>Includes Structural Practices.</p> <ul style="list-style-type: none"> • Implement Storm Water Pollution Prevention Plan, including routine inspections and evaluation of effectiveness • Locate tank batteries at safe distance from public roadways and railhead • Full containment for stock tanks and separators • Installation of pipelines in common trenches when practical • Installation of pipelines at right angles to water bodies (drainages, wetlands, perennial water bodies) where practical <p>Site Specific:</p> <ol style="list-style-type: none"> 1. Reporting of the presence of H2S will be done via verbal and email notices. Verbal notice with a follow up email will be provided as soon as practicable upon detection of H2S to COGCC's area engineer and the local government designee. 2. Per ephemeral stream 884 feet north of staked location – structural practices will be implemented at the site to minimize erosion and sediment transport. Practices may include but are not limited to: straw bales, wattles/sediment control logs, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, pipe slope drains, inlet protection, outlet protection, gabions, and temporary sediment basins.

9	Interim Reclamation	<ul style="list-style-type: none"> • Debris and waste material removed • Areas not in use reclaimed promptly; pits closed using segregated material; well pad and other compacted surfaces ripped • Noxious weeds controlled
10	Final Reclamation	<ul style="list-style-type: none"> • All equipment and debris removed • All remaining disturbed areas, including access roads, reclaimed • Noxious Weed Control Plan developed if appropriate

Total: 10 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400636643	FORM 2 SUBMITTED
400637313	H2S CONTINGENCY PLAN
400637322	WELL LOCATION PLAT
400637565	30 DAY NOTICE LETTER

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	3/5/2014 6:27:42 AM
Permit	The well location falls within an area that potentially may have measureable levels of H2S gas. Operator indicates that H2S gas is present and has submitted a H2S contingency plan.	7/3/2014 7:45:01 AM
Permit	Passed completeness.	7/1/2014 1:14:49 PM

Total: 3 comment(s)