

**APPLICATION FOR PERMIT TO:**

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

TYPE OF WELL    OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ ZONE TYPE       SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/>
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Date Received:  
08/08/2014

Well Name: Haven Hill      Well Number: 14-15 4N47W  
 Name of Operator: AUGUSTUS ENERGY RESOURCES LLC      COGCC Operator Number: 10489  
 Address: 36695 HWY 385  
 City: WRAY      State: CO      Zip: 80758  
 Contact Name: Loni Davis      Phone: (970)332-3585      Fax: (970)332-3587  
 Email: ldavis@augustusenergy.com

**RECLAMATION FINANCIAL ASSURANCE**  
 Plugging and Abandonment Bond Surety ID: 20130106

**WELL LOCATION INFORMATION**  
 QtrQtr: SWSW    Sec: 15    Twp: 4N    Rng: 47W    Meridian: 6  
 Latitude: 40.308870      Longitude: -102.620000  
 Footage at Surface: 600 feet    FNL/FSL FSL 950 feet    FEL/FWL FWL  
 Field Name: WILDCAT      Field Number: 99999  
 Ground Elevation: 3960      County: YUMA  
 GPS Data:  
 Date of Measurement: 06/13/2014    PDOP Reading: 1.4    Instrument Operator's Name: Darren Veal  
 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.)

4N47W, Sec. 15: SW/4

Total Acres in Described Lease: 160 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: 600 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 489 Feet

Building Unit: 700 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 600 Feet

Above Ground Utility: 634 Feet

Railroad: 5280 Feet

Property Line: 600 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: 07/03/2014

**SPACING and UNIT INFORMATION**

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1287 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**

Setbacks to Rule 318.B.

**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			

**DRILLING PROGRAM**

Proposed Total Measured Depth: 2973 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1287 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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: UIC Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

Other Disposal Description:

Cuttings will be land applied at a location outside of the Buffer Zone. Cuttings will be disposed of in an offsite Drilling Pit provided cuttings analysis are below Table 910-1 standards. See the attached Surface Owner Agreement and disposal Location.

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	9+7/8	7	20	0	450	250	450	0
1ST	6+1/4	4+1/2	10.5	0	2973	190	2973	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 Numerous attempts have been made by our landman Mr. Gary Timmer to get the requested paperwork returned to us listed below are a few of the attempts:  
May 2nd: Called and spoke with Mary Jane Buchanan regarding the location of the farm house in which our well is proposed near.  
Thursday May 8th: Letter and packet sent out to Tim Buchanan containing a Ratification of Oil and Gas Lease for his signature. Has not been returned.  
Tuesday May 27th: Was able to obtain a phone number for Tim Buchanan. Called him and inquired about our pending SUA and NOI. He advised that he would look the materials over and call me back that afternoon.  
June - tried to leave messages, but voice mail was full and would disconnect  
Tuesday July 8th: Called and spoke with Tim Buchanan again asking for the pending executed SUA and NOI  
Monday July 14th: Subsequent to last week's call I called and spoke again with Tim Buchanan again asking for the pending executed SUA and NOI. He said that he would move it forward in getting it returned to us.  
Tuesday August 5th: Called Mr. Buchanan - again voice mail full, call Mary Jane Buchanan (mother) she said she would try to get a hold of him.

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: Loni Davis

Title: Oper. Acctg & Reg Spec Date: 8/8/2014 Email: ldavis@augustusenergy.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:  Director of COGCC Date: 10/9/2014

Expiration Date: 10/08/2016

<b>API NUMBER</b>
05 125 12126 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 shall comply with Buffer Zone Move-In, Rig-Up Notice Rule 305.h (effective 9/30/2014).
	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.
	1) Provide 48 hour notice prior to spud via electronic Form 42. 2) Surface casing must be set to depth proposed and at least 50' into Pierre Shale. Cement to surface. 3) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 4) If dry hole, set 35 sks cement 50' above Niobrara top, 35 sks cement ½ out, ½ in surface casing, 10 sks cement at top of surface casing, cut casing 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole. 5) Supply mud report showing chlorides, representative of conditions at TD, with Form 5.

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	<p>Best Management Practices Northern Yuma County, Colorado</p> <p>To address construction during drilling and all other operations associated with Oil and Gas development throughout Northern Yuma County, Colorado area StormWater Management Plans(SWMP) are in place and in compliance with the Colorado Department of Health and Environment (CDPHE) under Permit # COR-039921.</p> <p>Best Management Practices (BMP's) will be reviewed and maintained prior to, during and after construction of drilling site, laying of flowlines, installation of surface equipment and reclamation of site. Each location's BMP's will vary according to terrain and phase of construction and will be implemented in accordance to SWMP.</p> <p>Regular location inspections will be performed and any BMP's not effectively working will be documented and resolved in a timely manner.</p> <p>Spill Prevention, Control and Countermeasures will be implemented. Should any spills occur they will be cleaned up immediately and effectively to minimize any integration with storm water runoff. General good housekeeping practices will be performed to keep spills at a minimum.</p>

Total: 1 comment(s)

## Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

## Attachment Check List

<b>Att Doc Num</b>	<b>Name</b>
400658633	FORM 2 SUBMITTED
400658767	WELL LOCATION PLAT
400658768	TOPO MAP
400658876	PROPOSED BMPS

Total Attach: 4 Files

### General Comments

<b>User Group</b>	<b>Comment</b>	<b>Comment Date</b>
Permit	Final review completed; no LGD or public comment received.	10/8/2014 7:35:18 AM
Permit	Changed distance to wells penetrating the objective formation. Abandoned locations do not fall in this category.	10/8/2014 7:29:56 AM
Permit	Passed Completeness	8/12/2014 10:36:18 AM

Total: 3 comment(s)