

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.)

Horizontal well bore will produce from multiple federal leases. See attached lease map included in original filing.

Total Acres in Described Lease: 6177 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC13483

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5050 Feet

Building Unit: 5050 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 970 Feet

Above Ground Utility: 5120 Feet

Railroad: 5280 Feet

Property Line: 1450 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: 1207 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1159 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): N/A

Unit Number: N/A

SPACING & FORMATIONS COMMENTS

Spacing established per Order No. 547-1 consisting of Sec 9, 15, 16, and N/2 of 22. BLM Communitization Agreement is pending.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
MANCOS	MNCS	547-1	2240	ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 14676 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1207 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 609

DRILLING WASTE MANAGEMENT PROGRAM

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

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

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
CONDUCTOR	26+0/0	20+0/0	106.5	0	80	100	80	0
SURF	16+0/0	13+3/8	54.5	0	400	260	400	0
1ST	12+1/8	9+5/8	40	0	5500	1280	5500	0
2ND	8+1/2	7+0/0	29	5300	9892	430	9892	5300
1ST LINER	6+1/8	4+1/2	13.5	8100	14676	310	14676	8726

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

I certify that there have been no changes to the location, land use or lease description. The pad has not been built yet. No pit will be used. There will be no additional surface disturbance beyond what was originally permitted. The location does not require a variance from any of the rules listed in Rule 306.d.(1).(A).(ii). The location is not within a Restricted Surface Occupancy Area. All COA's will be followed as shown on the original approved forms (Doc # 400256142 and Doc # 400256030). Casing program has been updated to reflect the drilling plan that was previously submitted with the original APD.

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

Location ID: 430226

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: Catherine Dickert

Title: Env & Permit Manager Date: 9/19/2014 Email: cdickert@sginterests.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: 11/16/2014

Expiration Date: 11/15/2016

API NUMBER

05 051 06112 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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.
- (2) PROVIDE CEMENT COVERAGE FROM THE FIRST STRING CASING (9+5/8") SHOE TO A MINIMUM OF 200 FEET ABOVE ALL MESAVERDE GROUP (AND OHIO CREEK, IF PRESENT) OIL, GAS, AND WATER-BEARING SANDSTONE AND COALBED FORMATIONS. VERIFY PRODUCTION CASING CEMENT COVERAGE WITH A CEMENT BOND LOG. (The operator's casing/cementing plan is to have cement coverage to the surface, which is more than adequate).
- (3) SECOND STRING AND LINER CASING CEMENT TOPS VERIFICATION BY CBL REQUIRED.

Best Management Practices

No BMP/COA Type

Description

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Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num **Name**

400679086	FORM 2 SUBMITTED
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Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected distances to nearest wellbore permitted and penetrating same formation. Corrected distance to unit boundary. Added description of Unit in Opr comments. Added number of acres in unit and configuration. Opr gave verbal approval of all corrections and changes. Final review complete.	11/12/2014 3:50:54 PM
Engineer	Evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required. The proposed surface casing is more than 50' below the depth of the deepest water well within 1 mile of the surface location when corrected for elevation differences. The deepest water well within 1 mile is 30 feet deep.	9/24/2014 8:42:25 AM
Permit	Passed Completeness	9/22/2014 11:48:39 AM

Total: 3 comment(s)