

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.)

T9S-R95W: Sec. 14: N/2, NE/4 (80.19 acres)

See Exhibit A and B attached

Total Acres in Described Lease: 641 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: 393 Feet
 Building Unit: 5280 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 675 Feet
 Above Ground Utility: 505 Feet
 Railroad: 5280 Feet
 Property Line: 350 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: 1013 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 660 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Plateau Creek Unit Number: COC 074774X

SPACING & FORMATIONS COMMENTS

Spacing order approved by COGCC on 10/21/2010

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK-ILES	WFILS	371-6	640	Sec 14: ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 7406 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1013 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? Yes

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: Cuttings Disposal Method: Other

Other Disposal Description:

Water based cuttings to be tested to Table 910 standards, mixed and treated as necessary, and buried or spread at location. Oil based cuttings will be hauled to a commercial disposal facility.

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
CONDUCTOR	20	16	55#	0	60	60	60	0
SURF	11	8+5/8	24#	0	1950	940	1950	0
1ST	7+7/8	4+1/2	11.6#	0	7406	460	7406	4415

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: 420191

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: Lisa Smith

Title: Authorized Agent Date: 4/24/2014 Email: lisa@permitco-usa.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: *Matthew Lee* Director of COGCC Date: 1/24/2015

Expiration Date: 01/23/2017

API NUMBER

05 077 10233 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

	Contacted Opr for approval of corrections and explanation of building at 393'.
	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.
	(2) PROVIDE CEMENT COVERAGE FROM THE PRODUCTION CASING (4+1/2" FIRST STRING) 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.

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

<u>Att Doc Num</u>	<u>Name</u>
400574621	FORM 2 SUBMITTED
400591416	OffsetWellEvaluations Data
400591429	MULTI-WELL PLAN
400591890	LEGAL/LEASE DESCRIPTION
400653183	OTHER
400653278	DEVIATED DRILLING PLAN
400654307	WELL LOCATION PLAT

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	resolved discrepancy on surface casing depth: there were two different depths: 1950' is correct.	1/21/2015 8:46:37 AM
Final Review	need SC clarified for setting depth and cement depth	1/6/2015 2:31:09 PM
Permit	Opr reports that house and barn are unoccupied and Axia is the property/mineral owner. Opr agrees with corrections to unit boundary and nearest well. Opr gave correction to Surface & Mineral questions. Final review complete.	12/3/2014 10:31:46 AM
Permit	Corrected distance to lease line from 0 to 660. Need to identify building type at 393'. Corrected distance to unit boundary from 676' to 660'. Location is within Plateau Creek CA# COC 074774X. Nearest well permitted &/or penetrating is 1013' instead of 20' Need clarification on mineral lease ownership as per B. Yokely comment of 8/28/14. Surface & Mineral questions don't make sense. E-mailed Opr for approval to make corrections.	10/30/2014 10:08:46 AM
Permit	Requested review of the surface/mineral owner relationship, if "is applicatant" then lease is not applicable.	8/28/2014 9:02:53 AM
Engineer	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 190 FEET DEEP. Evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required.	3/1/2014 1:06:24 PM
Permit	Passed completeness. Lat/long matches well plat.	8/1/2014 11:55:55 AM
Permit	Return to draft. Lat/long provided does not match lat/long in the attached well plat.	7/31/2014 1:57:22 PM
Permit	Return to draft. Missing Well Location Plat. Cannot verify well location information.	7/31/2014 8:23:02 AM
Permit	Return to draft; Cannot verify lat/long from well plat attached. BHL footages provided in well location do not match those provided in the well plat attached. Cuttings disposal is selected as N/A. Directional data not imported. Missing Anti-Collision waver (318A.m) since the distance from completed portion of wellbore to nearest wellbore permitted or completed in the same formation is 20ft.	4/25/2014 2:58:38 PM

Total: 10 comment(s)