

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.)

Mineral lease description included in initial application has not changed. XTO surface & minerals.

Total Acres in Described Lease: 672 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC61716

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 2094 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4673 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 410 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 253 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: 9239 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 2094 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: COC 077039X

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.)
MESAVERDE	MVRD			
OHIO CREEK	OHCRK			
WASATCH	WSTC			

DRILLING PROGRAM

Proposed Total Measured Depth: 14522 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 9239 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? Yes

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	16	NA	0	120	96	120	0
SURF	14+3/4	10+3/4	45.5	0	4575	1470	4575	0
1ST	9+7/8	7	26	0	10000	720	10000	4075
2ND	6+1/8	4+1/2	15.1	0	14522	270	14522	6800

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 well was initially permitted as the FRU 197-23A1. The Freedom Unit has contracted and the name is being changed to North Piceance 197-23A1. There have been no changes to the location. The pad has been built. The pits will be closed and a closed loop mud system will be used. There will be no additional surface disturbance beyond constructed pad. 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. No Form 2A required.

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

Location ID: 335944

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: KELLY KARDOS

Title: PERMITTING SUPERVISOR Date: 4/10/2015 Email: kelly_kardos@xtoenergy.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: 5/17/2015

Expiration Date: 05/16/2017

API NUMBER

05 103 11232 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) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.

(2) Operator shall provide cement coverage from the intermediate casing shoe (7" First String) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (Williams Fork and Ohio Creek) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by surface casing. Verify intermediate casing cement coverage with a cement bond log.

Best Management Practices

No	BMP/COA Type	Description
1	Construction	<p>-A Field Wide Stormwater Management Plan (SWMP) for the Piceance Creek Program is on file at the XTO Energy Inc. (21459 CR5, Rifle, CO, 81650) office. A Site Specific SWMP including a Site Plan is in place for this location.</p> <p>-Spill Prevention, Control and Countermeasures (SPCC) for the Piceance Creek Program is on file at the XTO Energy Inc. (21459 CR5, Rifle, CO, 81650) office. The Field Wide and Site Specific SWMPs each address SPCC during construction operations.</p> <p>-Inspections of the project site and maintenance of installed BMP's shall be conducted in accordance with the CDPHE CDPS permit and field wide plan.</p>
2	Drilling/Completion Operations	Open hole resistivity and gamma logs shall be run to from TD to into the surface casing to adequately verify the setting depth of surface casing and aquifer coverage. A cement evaluation log with gamma-ray will be run on the production casing (or intermediate casing if production liner is run). These logs will be submitted with the Drilling Completion Report, Form 5.

Total: 2 comment(s)

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400802249	FORM 2 SUBMITTED
400804591	WELL LOCATION PLAT
400804592	DEVIATED DRILLING PLAN
400804594	DIRECTIONAL DATA
400809766	PROPOSED BMPS
400809768	CONSULT NOTICE
400823380	TOPO MAP
400823559	FED. DRILLING PERMIT

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Removed approved 2A from related doc tab. Final review complete.	5/14/2015 2:18:18 PM
Engineer	Offset Well Evaluation: There are no offset wells within 1,500 feet of the planned wellbore. Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geologic and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. There are no water wells intended for non-industrial purposes within one mile of the surface location. The deepest permitted water well within one mile is 9,124 feet (gas well API#05-103-10560). There are no other permitted water wells within one mile.	4/28/2015 8:43:30 AM
Permit	Passed completeness.	4/23/2015 8:46:02 AM
Permit	1.) Quarter quarter designation is incorrect. 2.) Proposed Total Measured Depth should match the Directional Data measured depth. 3.) Casing depth should match the Directional Data measured depth. 4.) Missing 317.p BMP. Return to draft.	4/22/2015 7:41:23 AM
Permit	On the Surface & Minerals tab, if the Surface Owner (SO) has signed an oil and gas lease, then they must also be committed to that lease. Missing 317.p BMP Change "PLAT" to "WELL LOC PLAT". Return to draft.	4/14/2015 11:57:45 AM

Total: 5 comment(s)