

**APPLICATION FOR PERMIT TO:**

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

Date Received:  
03/05/2015

TYPE OF WELL    OIL     GAS     COALBED     OTHER \_\_\_\_\_      Refilling

ZONE TYPE      SINGLE ZONE     MULTIPLE ZONES     COMMINGLE ZONES       Sidetrack

Well Name: Fosset Gulch Unit      Well Number: 9U#1A

Name of Operator: PETROX RESOURCES INC      COGCC Operator Number: 69805

Address: P O BOX 2600

City: MEEKER      State: CO      Zip: 81641

Contact Name: Mike Clark      Phone: (970)878-5594      Fax: (970)878-4489

Email: mike.petrox@gmail.com

**RECLAMATION FINANCIAL ASSURANCE**  
Plugging and Abandonment Bond Surety ID: \_\_\_\_\_

**WELL LOCATION INFORMATION**

QtrQtr: NENW    Sec: 9    Twp: 34N    Rng: 5W    Meridian: M

Latitude: 37.211460      Longitude: -107.399910

Footage at Surface:      629 feet      FNL/FSL      FNL      1790 feet      FEL/FWL      FWL

Field Name: IGNACIO BLANCO      Field Number: 38300

Ground Elevation: 7319      County: ARCHULETA

GPS Data:  
Date of Measurement: 10/28/2010    PDOP Reading: 2.9    Instrument Operator's Name: SCOTT WEIBE

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

918    FNL    2176    FWL      2237    FSL    101    FEL

Sec: 9    Twp: 34N    Rng: 5W      Sec: 9    Twp: 34N    Rng: 5W

**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.)

Lease description is already uploaded to well file as Document: 2591883.

Total Acres in Described Lease: 1637 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC 17422

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 100 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1500 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1300 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: 450 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1500 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Fosset Gulch Unit Number: 068668X

**SPACING & FORMATIONS COMMENTS**

This is a Federal Unit, no spacing is applicable

**OBJECTIVE FORMATIONS**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
FRUITLAND COAL	FRLDC			

**DRILLING PROGRAM**

Proposed Total Measured Depth: 5844 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1500 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

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 608

### DRILLING WASTE MANAGEMENT PROGRAM

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

Cuttings Disposal: ONSITE Cuttings Disposal Method: Cuttings trench

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
SURF	14+3/4	10+3/4	40.5	0	497	250	487	0
1ST	8+3/4	7+0/0	26	0	2132	275	2132	0
1ST LINER	6+1/4	4+1/2	11.6	1400	5844	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 is a pre-existing 7" wellbore drilled by William Perlman in Nov 1984. Petrox is setting a whipstock horizontally in coalbed, and will not run any logs in this open hole with the exception of the Mud Log, Azimuthal Gamma, or MWD log. Therefore Rule 317p. does not apply.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 320850

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: Barbara J Vaughn

Title: Administrative Assistant Date: 3/5/2015 Email: barb.petrox@gmail.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: 6/10/2015

Expiration Date: 06/09/2017

<b>API NUMBER</b>
05 007 06099 01

### 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>

### Best Management Practices

<u>No BMP/COA Type</u>	<u>Description</u>

### Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

### Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
901207	FED. SUNDRY NOTICE
901225	DEVIATED DRILLING PLAN
400803944	FORM 2 SUBMITTED
400803979	WELL LOCATION PLAT
400805955	WELLBORE DIAGRAM
400845809	DIRECTIONAL DATA

Total Attach: 6 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	3/1/2015 2:55:50 PM
Permit	Operator certifies that: 1.The pad has been built. 2.The pits have been constructed. 3.The refiled well will not require any expansion / additional surface disturbance of the pad. 4.The location does not require a variance from any of the rules listed in Rule 306.d.(1).(A).(ii).; consultation with CDPHE is not required. 5.The location is not in a wildlife restricted surface occupancy area (RSO); consultation with CPW is not required.	3/1/2015 9:03:23 AM
Permit	Corrected lease description, verified lease description document 2591883 currently on well file and is still valid per telephone conversation with operator 5/28/2015.	5/28/2015 10:24:25 AM
Permit	Contacted operator to submit directional drilling data template. Operator submitted directional drilling data and data was uploaded to this form on 5/29/2015.	5/27/2015 4:31:38 PM
Engineer	Federal surface and federal minerals. Because of this the COGCC-engineering unit will not exercise regulatory authority.	5/21/2015 9:59:46 AM
Permit	The following items were verified per conversation with operator:  Changed permit type from "REENTER" to "DRILL." Added "YES" to sidetrack dropdown and "YES" to refile dropdown. Changed BHL footages to standard format, reflecting well location plat data. Changed Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation from 1300' to 450' to adjacent Fosset Gulch Unit 9U 2 wellbore.  1) Deviated drilling plan .pdf needs rescanned, as one page is incompletely imaged. Operator submitted Deviated drilling plan .pdf on 5/27/2015 and document has been uploaded.	5/20/2015 2:05:02 PM
Permit	Attached Fed. Sundry Notice document, per operator request. This attachment details the sidetrack procedure.	5/5/2015 1:59:46 PM
Permit	Passed completeness.	5/5/2015 8:32:10 AM
Permit	1.) In the Surface & Minerals tab "is committed to an Oil and Gas lease" should be selected if "has signed the Oil and Gas Lease". 2.) In the Drilling & Waste Plans tab "Water well sampling required per Rule" should be Rule 608, and not labeled as "N/A". 3.) Missing 317.p BMP Returned to draft.	5/4/2015 9:48:59 AM
Permit	Per operator changed Right to Construct to Oil & Gas Lease.	5/4/2015 9:39:03 AM
Permit	On 'Surface & Minerals' tab; the questions regarding the mineral owner are not complete. Return to draft.	3/9/2015 1:15:35 PM
Permit	Surety ID not required for Federal Lease. On 'Surface & Minerals' tab; the questions regarding the mineral owner are not complete. Missing wellbore diagram. Change "Plat" to "Well Location Plat" Return to draft.	3/6/2015 2:52:37 PM

Total: 12 comment(s)