

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL	OIL <input checked="" type="checkbox"/>	GAS <input type="checkbox"/>	COALBED <input type="checkbox"/>	OTHER _____	Refilling <input type="checkbox"/>
ZONE TYPE	SINGLE ZONE <input type="checkbox"/>	MULTIPLE ZONES <input checked="" type="checkbox"/>	COMMINGLE ZONES <input checked="" type="checkbox"/>		Sidetrack <input type="checkbox"/>

Date Received:
04/13/2015

Well Name: Shavetail Federal Well Number: 34-34

Name of Operator: COACHMAN ENERGY OPERATING COMPANY LLC COGCC Operator Number: 10500

Address: 1125 17TH STREET SUITE 410

City: DENVER State: CO Zip: 80202

Contact Name: Neyeska Mut Phone: (303)296-3535 Fax: (303)296-3888

Email: neyeska@cynosure-energy.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: 3 Sec: 34 Twp: 1N Rng: 103W Meridian: 6

Latitude: 40.007750 Longitude: -108.938460

Footage at Surface: 650 feet FNL/FSL FSL 1453 feet FEL/FWL FEL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 5818.3 County: RIO BLANCO

GPS Data:
Date of Measurement: 02/07/2011 PDOP Reading: 3.0 Instrument Operator's Name: Kyle Tesky

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.)

BLM Lease COC-65853: All parcels are located in T1N, R103W, 6th PM, Rio Blanco County, Colorado.
Section 26: S2N2, and S2.
Section 27: S2N2, and S2.
Section 34: W2NE, NW, N2S2, and Lots 1-4.
Section 35: N2, N2S2, and Lots 1-4.

Total Acres in Described Lease: 2091 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC-65853

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 650 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: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 5280 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: 2728 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 650 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Shavetail Unit Unit Number: coc 075382X

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.)
CASTLEGATE	CSLGT			
MANCOS B	MNCSB			

DRILLING PROGRAM

Proposed Total Measured Depth: 4432 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 2728 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: 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	12+1/4	8+5/8	24	0	500	245	500	0
1ST	7+7/8	4+1/2	11.6	0	4432	475	4432	300

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: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Rick Obernolte

Title: Agent Date: 4/13/2015 Email: rickobe1@aol.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: 7/17/2015

Expiration Date: 07/16/2017

API NUMBER

05 103 12275 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 production casing shoe (4 1/2" first string) to a minimum of 200' above the surface casing shoe to provide isolation of all Mesa Verde group oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by surface casing. Verify production casing cement coverage with a cement bond log. |

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	The well logging program will include a resistivity log from the base of surface casing to TD, a density-neutron log from 1000' to TD, a gamma ray log from surface to TD, a sonic (dipole) log from base of surface casing to TD, and a formation micro imager log from 2000' to TD. The Mancos B formation may be cored. The final decision will be made during the drilling operation and may include 115' cut at approximately 4220'. A cement bond log will be run from surface to TD upon completion of the well.

Total: 1 comment(s)

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>
400823909	FORM 2 SUBMITTED
400824464	WELL LOCATION PLAT
400824469	DRILLING PLAN

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	"Distance to nearest permitted or existing wellbore penetrating objective formation: 1934 Feet (Including plugged wells)" should be 2728' for this well, because two of the "closer" offset wells appear to be plotted at incorrect locations in COGIS.	7/17/2015 10:45:55 AM
OGLA	Corrected distance from WELL to PUBLIC ROAD per operator (from 3300' to 5280') based on restricted access on the BLM road; corrected distance from WELL to PROPERTY LINE per operator (from 650' to 5280') based on BLM mapped surface on COGCC's GIS Online Map, and not lease boundaries.	7/16/2015 12:57:50 PM
Permit	Corrected distance to unit boundary from 5280' to 650' and notified opr. Corrected distance to nearest well permitted in same formation. Measured to Chandler's SW Rangely FEd 12-34-1N-3 at 2328' instead of 1934'. Added disposal method of cuttings trench as per opr. Ready to pass.	5/7/2015 11:11:36 AM
Engineer	There are no offset wells within 1,500 feet of the proposed wellbore. Offset water well check: There are no permitted water wells within 1 mile of this proposed surface hole location. Changed production casing TOC from 2000' to 300' with operator concurrence.	4/23/2015 7:41:49 AM
Permit	Passed completeness.	4/20/2015 7:15:05 AM
Permit	Return to draft per operator request.	4/15/2015 7:41:35 AM
Permit	Missing 317.p BMP. Return to draft.	4/14/2015 1:59:26 PM

Total: 7 comment(s)