

APPLICATION FOR PERMIT TO:

Drill

 Deepen

 Re-enter

 Recomplete and Operate

Date Received:
06/12/2015

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

Well Name: <u>Payne</u>	Well Number: <u>23-41</u>
Name of Operator: <u>MUSTANG CREEK OPERATING LLC</u>	COGCC Operator Number: <u>10446</u>
Address: <u>5251 DTC PARKWAY #800</u>	
City: <u>GREENWOOD VILLAGE</u>	State: <u>CO</u> Zip: <u>80111</u>
Contact Name: <u>Stewart Ward</u>	Phone: <u>(480)751-7833</u> Fax: <u>()</u>
Email: <u>sward@fifthcreekenergy.com</u>	

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130024

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 23 Twp: 13S Rng: 59W Meridian: 6

Latitude: 38.898580 Longitude: -103.978820

Footage at Surface: 325 feet FNL/FSL 317 feet FEL/FWL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 5810 County: ELBERT

GPS Data:

Date of Measurement: 05/21/2015 PDOP Reading: 1.3 Instrument Operator's Name: Scott Estabrooks

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.)

SW1/4SW1/4-23-13S-59W 6 P.M.

Total Acres in Described Lease: 40 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: 317 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2910 Feet

Building Unit: 3015 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 302 Feet

Above Ground Utility: 4943 Feet

Railroad: 5280 Feet

Property Line: 317 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: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 996 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Spacing subject to Spacing/Pooling Hearing July 20/21, 2015 to include -
 SE1/4SE1/4-22-13S-59W 6P.M.
 SW1/4SW1/4-23-13S-59W 6P.M.
 NW1/4NW1/4-26-13S-59W 6P.M.
 NE1/4NE1/4-27-13S-59W 6P.M.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
ATOKA	ATOK	554-1	160	
CHEROKEE	CHRK	554-1	160	
MISSISSIPPIAN	MSSP	554-1	160	

DRILLING PROGRAM

Proposed Total Measured Depth: 10550 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 5280 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: ONSITE Drilling Fluids Disposal Methods: Evaporation

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

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	20	16	CMP	0	120	165	120	0
SURF	13+3/4	9+5/8	36	0	1400	820	1400	0
1ST	8+3/4	5+1/2	17	0	10550	1505	10550	

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 _____

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

Signed: _____ Print Name: Stewart Ward _____

Title: Drilling Manager Date: 6/12/2015 Email: sward@fifthcreekenergy.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: 8/7/2015

Expiration Date: 08/06/2017

API NUMBER

05 039 06681 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) Provide 48 hour notice prior to spud via electronic Form 42.
- 2) Provide cement coverage to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) If dry hole, set 40 sk cement 50' above Mississippian, set 40 sk cement 50' above Pennsylvanian, 40 sk cement 50' above JSand, 40 sk cement 50' above Niobrara, 40 sks cement across any DST w/ show, 50 sks cement from 50' below to 50' above surface casing shoe, 50 sx at 700', 15 sks cement top of surface casing, cut 4' below GL, weld on plate, or set dry hole marker, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	317.p Open-hole resistivity and gamma logs will be run from TD into the surface casing. A Cement Bond Log with Gamma-Ray will be run on production casing, or on intermediate casing if a production liner is run. The Form 5, Completion report, will list all logs run and have those logs attached.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
901283	OTHER
400853008	FORM 2 SUBMITTED
400853191	WELL LOCATION PLAT
400853192	OTHER
400856068	SURFACE AGRMT/SURETY

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Added spacing unit order #'s and unit acreages. Niobrara removed from objective formations and lease acreage corrected from "160" to "40", per phone conversation with operator 8/7/2015. Final Review Completed. No LGD or public comment received.	3/7/2015 9:41:28 AM
Permit	Attached MOU document (901283) per operator request.	7/29/2015 11:30:15 AM
Engineer	Changed casing program to first string - summed cement	7/13/2015 8:18:52 AM
Permit	Operator verified right to construct is O&G lease, and change has been made to form. Drilling and spacing application related to this well on July Hearings Docket. Dist. to nearest unit boundary will need to be updated once new unit is established (996').	7/9/2015 11:16:07 AM
Permit	Passed completeness.	6/25/2015 4:22:04 PM
Permit	Returned to draft. 1.) Please revise the 317.p BMP to include the entire lanugauge from the guidance document. 2.) Surface Use Agreement is missing. 3.) Corrected the Inst. Op.'s Name from "Robert Daley" to "Scott Estabrooks" based on the Well Location Plat.	6/17/2015 10:21:07 AM

Total: 6 comment(s)