

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.)

Sec. 35, T7S-R95W: N2S2.

Total Acres in Described Lease: 160 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: 237 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1584 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: 623 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 324 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1555 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Sec. 35, T7S-R95W

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	WMFK	139-53	640	All - Sec. 35

DRILLING PROGRAM

Proposed Total Measured Depth: 10595 Feet

Distance from proposed wellbore to nearest existing or permitted wellbore belonging to another operator:

62 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: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Waste Management Plan attached to Form 2A.

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	30	20	52.8#	0	100	218	100	0
SURF	14+3/4	9+5/8	36#	0	2500	548	2500	0
1ST	8+3/4	4+1/2	11.6#	0	10595	980	10595	5966

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: 416986

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: Reed Haddock

Title: Sr. Regulatory Specialist Date: 1/12/2016 Email: rhaddock@caerusoilandgas.co

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: 3/21/2016

Expiration Date: 03/20/2018

API NUMBER
05 045 12521 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.

<u>COA Type</u>	<u>Description</u>
	Approval of this refill APD does not provide relief from compliance with the COGCC Reclamation Rules.
	<p>(1) Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>(2) Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1).</p> <p>(3) Operator shall provide cement coverage from the production casing shoe to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.</p> <p>(4) In lieu of the standard Form 42 spud notice required by the Northwest Notification Policy, submit Form 42 Rulison SAP - Spud Notice, specifying the bottom hole location sector and tier.</p> <p>(5) Operator shall comply with all provisions of the most recent COGCC-approved revision of the Rulison Sampling and Analysis Plan.</p> <p>(6) Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spudding this well. DNR_Rulison.Submittal@state.co.us</p> <p>(7) The operator will perform an anti-collision evaluation of all active (producing, shut in, or temporarily abandoned) offset wellbores that have the potential of being within 150 feet of a proposed well prior to drilling operations for the proposed well. Notice shall be given to all offset operators prior to drilling. Operator shall also review COGCC Operator Guidance: Form 2 Instructions – STATEWIDE WELLBORE COLLISION PREVENTION – Rule 317.r</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	In compliance with Rule 317.p the first well that is operationally feasible on the Battlement Mesa 35L-795 pad will be logged with an open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. All wells on the pad will have a Cement Bond Log with cased-hole Gamma Ray run on the production casing. The Form 5 Completion Report will list all the logs run in the subject well and identify the well that was logged with the open-hole Resistivity Log.
2	Drilling/Completion Operations	Caerus Operating LLC will adhere to the COGCC Policy for Bradenhead Monitoring effective May 29, 2012

Total: 2 comment(s)

Applicable Policies and Notices to Operators

Policy
Piceance Rulison Field - Notice to Operators. http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf
NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2168064	DOE APPROVAL LETTER
400952292	FORM 2 SUBMITTED
400965349	DEVIATED DRILLING PLAN
400965354	DIRECTIONAL DATA
400965356	WELL LOCATION PLAT
400965358	TOPO MAP

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Corrected distance from proposed wellbore to nearest existing (or permitted) wellbore belonging to another operator. 3/15/16 received email from opr (Reed Haddock) concurring with the above (correction of distance).	3/14/2016 12:25:13 PM
Permit	In order to clean up an old Noble API, Caerus agreed to use this API number (045-12521), and convert this APD to a refile. Changed refile question from no to yes and added API number. Added COA for Interim Reclamation and notified operator.	3/9/2016 2:53:14 PM
Permit	Attached DOE approval letter.	2/9/2016 11:49:08 AM
Permit	DOE notified and information sent to request approval of additional wells. Pad and well lies within CA - COC 073836 for the MesaVerde Group. Ready to pass pending DOE approval and approval of 2A by OGLA.	1/27/2016 3:47:06 PM
Permit	DOE notified and information sent to request approval of additional wells.	1/27/2016 2:32:10 PM
Engineer	Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required. Offset water well check: there are no permitted water wells within one mile of this proposed surface hole location.	1/14/2016 10:47:20 AM

Total: 6 comment(s)