

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"/>	Date Received: 05/12/2016
ZONE TYPE SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Sidetrack <input type="checkbox"/>	

Well Name: Hollywood Gold Well Number: 29-5

Name of Operator: GRMR OIL & GAS LLC COGCC Operator Number: 10524

Address: 370 INTERLOCKEN BLVD SUITE 550

City: BROOMFIELD State: CO Zip: 80021

Contact Name: Kristina Lee Phone: (303)659-9581 Fax: ()

Email: krislee@skybeam.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20140073

WELL LOCATION INFORMATION

QtrQtr: SENW Sec: 29 Twp: 5N Rng: 90W Meridian: 6

Latitude: 40.359183 Longitude: -107.523658

Footage at Surface: <u>1646</u> feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>1369</u> feet <u>FWL</u>		

Field Name: SAND WASH HORIZONTAL NIOBRARA Field Number: 76400

Ground Elevation: 6585 County: MOFFAT

GPS Data:
Date of Measurement: 03/17/2016 PDOP Reading: 1.6 Instrument Operator's Name: K.G. Stewart

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
<u>1963</u> <u>FNL</u> <u>817</u> <u>FWL</u>			<u>1577</u> <u>FSL</u> <u>2479</u> <u>FWL</u>		
Sec: <u>29</u> Twp: <u>5N</u> Rng: <u>90W</u>			Sec: <u>30</u> Twp: <u>5N</u> Rng: <u>90W</u>		

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.)

Township 5 North, Range 90 West, Section 30: Lot 8,9,10,12,13,14 and 15.

Total Acres in Described Lease: 277 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # N/A

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 212 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

- Building: 2121 Feet
- Building Unit: 3939 Feet
- High Occupancy Building Unit: 5280 Feet
- Designated Outside Activity Area: 5280 Feet
- Public Road: 1301 Feet
- Above Ground Utility: 1256 Feet
- Railroad: 5280 Feet
- Property Line: 1405 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: 1563 Feet

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

Federal or State Unit Name (if appl): Williams Fork Unit Number: COC074956X

SPACING & FORMATIONS COMMENTS

This well is within a federal unit.

OBJECTIVE FORMATIONS

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

DRILLING PROGRAM

Proposed Total Measured Depth: 7809 Feet

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

1100 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:

Water based cuttings and fluids will be dried and buried onsite. Onsite sifter will be used to monitor TPH levels per 900 series rule and table 910-1 Cuttings that exceed limit will be dried and trucked to offsite disposal facility.

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	20	104	0	60	210	60	0
SURF	17+1/2	13+3/8	54.5	0	651	480	651	0
1ST	12+1/4	9+5/8	36	0	3684	390	3684	0
2ND	8+3/4	5+1/2	17	0	7809	0	7809	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 Directional well will not be fracture stimulated so offset well evaluation is not applicable.
This well is located in a Federal Unit.

Closest wellbore in the same formation is the Hamill 19-16HA not the Harper Hill 2-29.

This application is in a Comprehensive Drilling Plan No CDP #: _____

Location ID: 423735

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: Kristina Lee

Title: Regulatory Consultant Date: 5/12/2016 Email: krislee@skybeam.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: 7/8/2016

Expiration Date: 07/07/2018

API NUMBER
05 081 07827 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>
	<p>1)Operator shall comply with the most current revision of the Northwest Notification Policy.</p> <p>2)Minimum surface casing setting depth requirements: 50' below the base of the Morapos Formation with the shoe in Mancos Shale or 651', as proposed by the operator, whichever is deeper. Full cement to surface is required for the surface casing; increase cement volume as necessary to accomplish that objective. Refer to COGCC's comment on this form regarding the operator's prognosed depth to the Morapos Formation.</p> <p>3)Operator shall provide cement coverage from the intermediate casing shoe (9+5/8" First String) to a minimum of 200' above the surface casing shoe to provide provide isolation of all formations that are not otherwise covered by surface casing. Verify production casing cement coverage with a cement bond log.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Storm Water/Erosion Control	A Storm water management plan will be prepared and will meet all requirements of the COGCC & CDPHE. Stormwater BMPs will be put in place to control erosion prior to constructing the well pad and access road.
2	Material Handling and Spill Prevention	Spill Prevention Plans (SPCC) are in place to address material releases and to prescribe materials handling BMPs for the facility. "Good house-keeping" measures will be taken to ensure proper waste disposal
3	Drilling/Completion Operations	MWD Gamma Ray logs will be run from spud to TD. Hole conditions permitting, an open hole wireline log consisting of GR, CAL, SP, Induction, PE, ND, and DP, may be run to approximately 45 degrees inclination. A Cement Bond log will be run on all casing strings that are cemented in the hole, except conductor. Mud logs will be run from the base of the surface casing to TD. The Form 5 completion report will list and attach all logs run.

Total: 3 comment(s)

Applicable Policies and Notices to Operators

Policy
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>
401025769	APD APPROVED
401044648	DIRECTIONAL DATA
401044651	DEVIATED DRILLING PLAN
401044931	WASTE MANAGEMENT PLAN
401045215	SURFACE AGRMT/SURETY
401054927	WELL LOCATION PLAT
401069141	OFFSET WELL EVALUATION

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Removed part of comment in spacing tab stating that spacing is not applicable with operator approval. Removed part of comment in operator comments that spacing is not applicable with operator approval. Final review complete.	07/08/2016
Engineer	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 geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 450 feet. Mancos Formation outcrops at the surface. A shallow, potential water source (weathered Mancos and/or Morapos) is apparent on offset electrical logs for Hamill #1 (081-06598, base at 740' MD, elev. 5620' MSL) and Gilbert Myers #1-29 (081-06310, base at 800' MD, elev. ~5800' MSL). The operator's drilling prognosis included with the deviated drilling plan shows the Morapos formation dipping in the area with the base at 601' at this location, which would be covered by the operator's proposed surface casing setting depth of 651'. Surface casing coverage of the Morapos Formation is required, as specified in Condition of Approval #2. COGCC concurs with the operator's plan to cement the production casing (7+5/8" First String) into the surface casing. Emailed operator regarding distance to well owned by another operator. Changed distance to well owned by another operator to 1100' per operator (API# 081-06310, GILBERT MYERS 1-29).	06/27/2016
Engineer	Emailed operator regarding distance to well owned by another operator. Unchecked "No offset wells within 1500'. Operator states, " This Directional well will not be fracture stimulated so offset well evaluation is not applicable." In the event that those plans change to include stimulation, COGCC offers comments regarding wells within 1500': Evaluated offset PA well Gilbert Myers 1-29 (05-081-06310), surface casing set at 326' and cemented to surface, production casing set at 5114' with top of cement at 4470', well TD in Lakota Formation at 5117'. Completed in the Lakota Formation and Dakota Formation and then plugged and abandoned after testing the completions. Well plugged with 25 sx above a CIBP at 4970', csg pulled at 1060', 25 sx at the csg stub, 20 sx across the surface casing shoe at 325', and 5 sx at surface. No plug immediately above the Niobrara Formation. Offset mitigation will be required if hydraulic stimulation is proposed. Three other wellbores are within 1500' and meet standards for Niobrara completions: 081-07822, Hamill 19-16HA: 081-07658, HARPER HILL 1-29: and 081-07659, HARPER HILL 2-29.	06/27/2016
Permit	Corrected related forms document from 1635536 (old 2A with 2 wells) to new 2A doc 401041677 and notified operator. SUA & Lease information are combined in the SUA attachment. Corrected right to construct from SUA to lease as per operator. With operator approval I corrected the distant to nearest well in same formation from 230' to 1563' and changed the comment to reflect measurement is to the Hamill 19-16HA instead of the Harper Hill 2-29. Initial review complete.	06/23/2016
Permit	Approval of this refile APD does not provide relief from compliance with the COGCC Reclamation Rules.	06/23/2016
Permit	Passed completeness.	06/06/2016
Permit	Changed well location plat attachment label.	06/06/2016

Total: 7 comment(s)