

FORM
2
Rev
08/13

State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:
401047704

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
06/01/2016

TYPE OF WELL OIL GAS COALBED OTHER _____
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refilling
Sidetrack

Well Name: THE SEARCHERS Well Number: 1-25
Name of Operator: GRAND MESA OPERATING CO COGCC Operator Number: 35080
Address: 1700 N. WATERFRONT PKWY BL 600
City: WICHITA State: KS Zip: 67206
Contact Name: Michael J. Reilly Phone: (316)265-3000 Fax: (316)265-3455
Email: mreilly@gmocks.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20020080

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 25 Twp: 5S Rng: 54W Meridian: 6
Latitude: 39.586740 Longitude: -103.375810
Footage at Surface: 2598 feet FNL/FSL FNL 2051 feet FEL/FWL FEL
Field Name: WILDCAT Field Number: 99999
Ground Elevation: 5151 County: WASHINGTON
GPS Data:
Date of Measurement: 05/25/2016 PDOP Reading: 1.8 Instrument Operator's Name: Elijah Frane-Frane Surveying Inc
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.)

NE/4 Sec. 25-5S-54W

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: 52 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5071 Feet
 Building Unit: 5280 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 2051 Feet
 Above Ground Utility: 5114 Feet
 Railroad: 5280 Feet
 Property Line: 52 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: 3461 Feet

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

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

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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| MISSISSIPPIAN | MSSP | | | |
| PENNSYLVANIAN | PENN | | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 8500 Feet

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

4330 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

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: Other

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Evaporate and bury

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 | 11 | 8+5/8 | 24 | 0 | 350 | 200 | 350 | 0 |
| 1ST | 7+7/8 | 5+1/2 | 17.0 | 0 | 8500 | 300 | 8500 | 6500 |
| | | | Stage Tool | | 5060 | 200 | 5060 | 3800 |

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 40 acre voluntary pooled area, as shown on the attached DOP. Offset property owner in the SE/4 of Sec. 25-5S-54W is okay with the well location and an exception letter signed from same and a letter to the Director is attached.

This application is in a Comprehensive Drilling Plan No 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: Michael J. Reilly

Title: President Date: 6/1/2016 Email: mreilly@gmocks.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: 7/7/2016

Expiration Date: 07/06/2018

API NUMBER

05 121 11060 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) If production casing is set provide cement coverage to at least 200' above the shallowest completed interval or 200' above MRTN, whichever is shallower, and across Cheyenne/Dakota interval (5060' to 4460' min). Run and submit CBL to verify cemented intervals.
- 3) If well is a dry hole set plugs at the following depths: 40 sks cement +/- 50' above the Marmaton, 40 sks cement across any DST w/ show, 40 sks cement 100' below Cheyenne (5060'), 40 sks cement 50' above top of Dakota (4460'), 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface casing, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|--------------------------------|--|
| 1 | Planning | <p>Grand Mesa Operating, Co. 1700 N Waterfront Pkwy, Bldg 600 Wichita, KS 67206 P - 316-265-3000 F - 316-265-3455</p> <p>Certification of Discharge under CDPHE COR-030000 Storm water discharges associated with construction permit Prior to construction, perimeter controls will be installed utilizing cutting from the clearing operations. Once the well pad has been constructed a variety of BMP's shall be utilized for the site specific conditions. BMP's to be utilized may include, but are not limited to: -Dirt berms -Erosion control blankets -Straw bale barrier -Straw wattle -Check dams -Culvert/Culvert Protection -Silt Fence -Surface roughening/Surface rip Drill pits will be filled and reclaimed within 3 months weather permitting. Topsoil will be separated and spread on drill site as final operation. Storm Water Management Plan (SWMP) is on file in Grand Mesa Operating, Co office. Spill Prevention, Control and Countermeasure Plan is on file in Grand Mesa Operating, Co. office.</p> |
| 2 | Drilling/Completion Operations | <p>Per Rule 317.p -- Open-hole Resistivity Log with Gamma Ray Log 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.</p> |

Total: 2 comment(s)

Applicable Policies and Notices to Operators

| |
|--|
| Policy |
| <p>Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</p> |

Attachment Check List

| Att Doc Num | Name |
|--------------------|------------------------|
| 401047704 | APD APPROVED |
| 401055160 | WELL LOCATION PLAT |
| 401055161 | TOPO MAP |
| 401055172 | CONSULT NOTICE |
| 401055952 | 30 DAY NOTICE LETTER |
| 401055954 | EXCEPTION LOC REQUEST |
| 401055955 | EXCEPTION LOC WAIVERS |
| 401055957 | UNIT CONFIGURATION MAP |
| 401055960 | OTHER |
| 401074649 | FORM 2 SUBMITTED |

Total Attach: 10 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit | Final Review Completed. No LGD or public comment received. | 07/06/2016 |
| Engineer | Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.: 1) Within 60 days of rig release, prior to stimulation. 2) 6 to 7 months after rig release, prior to stimulation. 3) Within 30 days of first production, as reported on Form 5A. | 06/29/2016 |
| Permit | Corrected both distance to nearest offset well measurements, per phone conversation with operator 6/27/2016. | 06/27/2016 |
| Permit | Passed completeness. | 06/07/2016 |
| Permit | 52' property line setback is addressed in attached Exception Location Request/Waivers and correspondence. | 06/07/2016 |

Total: 5 comment(s)