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| FORM 2 Rev 12/05 | State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109 |  | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">DE</td> <td style="width:25%;">ET</td> <td style="width:25%;">OE</td> <td style="width:25%;">ES</td> </tr> </table> | DE | ET | OE | ES |
| DE | ET | OE | ES | | | | |
| APPLICATION FOR PERMIT TO: | | | Document Number: 400174245 Plugging Bond Surety 20100218 | | | | |
| 1. <input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recomplete and Operate | | | | | | | |
| 2. TYPE OF WELL OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/> | | | Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/> | | | | |
| 3. Name of Operator: <u>ORR ENERGY LLC</u> | | 4. COGCC Operator Number: <u>10154</u> | | | | | |
| 5. Address: <u>1813 61ST AVE STE 200</u> City: <u>GREELEY</u> State: <u>CO</u> Zip: <u>80634</u> | | | | | | | |
| 6. Contact Name: <u>Kallasandra Moran</u> Phone: <u>(303)928-7128</u> Fax: <u>(303)962-6237</u> Email: <u>kmoran@petro-fs.com</u> | | | | | | | |
| 7. Well Name: <u>Hall</u> | | Well Number: <u>19-21</u> | | | | | |
| 8. Unit Name (if appl): _____ | | Unit Number: _____ | | | | | |
| 9. Proposed Total Measured Depth: <u>7750</u> | | | | | | | |
| WELL LOCATION INFORMATION | | | | | | | |
| 10. QtrQtr: <u>NENW</u> Sec: <u>19</u> Twp: <u>6N</u> Rng: <u>67W</u> Meridian: <u>6</u> Latitude: <u>40.476966</u> Longitude: <u>-104.936809</u> | | | | | | | |
| Footage at Surface: <u>856</u> feet <u>FNL</u> <u>2035</u> feet <u>FWL</u> | | | | | | | |
| 11. Field Name: <u>Wattenberg</u> | | Field Number: <u>90750</u> | | | | | |
| 12. Ground Elevation: <u>4789</u> | | 13. County: <u>WELD</u> | | | | | |
| 14. GPS Data: Date of Measurement: <u>05/24/2011</u> PDOP Reading: <u>2.1</u> Instrument Operator's Name: <u>L.K. Stevenson</u> | | | | | | | |
| 15. If well is <input type="checkbox"/> Directional <input type="checkbox"/> 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: _____ | | | | | | | |
| 16. Is location in a high density area? (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | | | | |
| 17. Distance to the nearest building, public road, above ground utility or railroad: <u>753 ft</u> | | | | | | | |
| 18. Distance to nearest property line: <u>856 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>890 ft</u> | | | | | | | |
| 20. LEASE, SPACING AND POOLING INFORMATION | | | | | | | |
| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) | | | |
| Codell | CODL | 407-87 | 80 | all | | | |
| J-Sand | JSND | | 80 | E/NW | | | |
| Niobrara | NBRR | 407-87 | 80 | all | | | |

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

21. Mineral Ownership: Fee State Federal Indian Lease #: _____

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: _____

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No

23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
W/2, AND W/2 OF E/2 SEC. 19; T6N R67W of the 6th prime meridian

25. Distance to Nearest Mineral Lease Line: 856 ft 26. Total Acres in Lease: 221

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite **If 28, 29, or 30 are "Yes" a pit permit may be required.**

Method: Land Farming Land Spreading Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| 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 | 600 | 550 | 600 | 0 |
| 1ST LINER | 7+7/8 | 4+1/2 | 10.5 | 0 | 7,750 | 650 | 7,750 | 0 |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments The location does NOT require a variance from any of the rules listed in Rule 306.d. (1). (A). (ii). The location is NOT in a restricted surface occupancy area. The location is NOT a sensitive wildlife habitat area. Nearest property line is 31' to the south of the well head, which is owned by the same surface owner. Closest property line with different surface owner is 856' to the north of the well head. No Conductor casing will be used.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? 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: Kallasandra M. Moran

Title: Regulatory Analyst Date: 6/14/2011 Email: kmoran@petro-fs.com

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: David S. Neslin Director of COGCC Date: 7/6/2011

API NUMBER
05 123 33898 00

Permit Number: _____ Expiration Date: 7/5/2013

CONDITIONS OF APPROVAL, IF ANY: _____

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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.

- 1) Provide 24 hour notice of MIRU to Bo Brown at e-mail bo.brown@state.co.us.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.

Attachment Check List

| Att Doc Num | Name |
|-------------|----------------------|
| 400174245 | FORM 2 SUBMITTED |
| 400174423 | WELL LOCATION PLAT |
| 400174424 | TOPO MAP |
| 400175143 | 30 DAY NOTICE LETTER |

Total Attach: 4 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Added "No Conductor casing will be used" to operator comments. | 6/21/2011 11:40:56 AM |
| Permit | Removed surface surety ID number and corrected formation code. Notified opr-Kallisandra. sf | 6/15/2011 8:41:14 AM |

Total: 2 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------------------|---|
| Site Specific | Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Orr Energy LLC will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land. Construct and maintain gates where any roads used by Orr Energy LLC cross through fences on the leased premises. |
| Construction | Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment. |
| Drilling/Completion Operations | Use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available. |
| Planning | When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources. |
| Interim Reclamation | Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. |
| Final Reclamation | All surface restoration shall be accomplished to the satisfaction of Owner. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards(BLM/COGCC). |
| Storm Water/Erosion Control | Use water bars, and other measures to prevent erosion and nonsource pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s). |

Total: 7 comment(s)