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Document Number:
 400222133
 PluggingBond SuretyID
 19880031

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

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

Refiling
 Sidetrack

3. Name of Operator: PETRON DEVELOPMENT COMPANY 4. COGCC Operator Number: 69760
 5. Address: 1899 W LITTLETON BLVD
 City: LITTLETON State: CO Zip: 80120
 6. Contact Name: Kallasandra Moran Phone: (303)928-7128 Fax: (303)962-6237
 Email: kmoran@petro-fs.com
 7. Well Name: YCO Well Number: 12-10
 8. Unit Name (if appl): _____ Unit Number: _____
 9. Proposed Total Measured Depth: 2800

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 10 Twp: 4N Rng: 46W Meridian: 6
 Latitude: 40.334875 Longitude: -102.497214
 Footage at Surface: 520 feet FNL/FSL FNL 2033 feet FEL/FWL FEL
 11. Field Name: Waverly Field Number: 90775
 12. Ground Elevation: 3884 13. County: YUMA

14. GPS Data:
 Date of Measurement: 10/23/2011 PDOP Reading: 2.2 Instrument Operator's Name: Ben Milius / PFS

15. 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: _____

16. Is location in a high density area? (Rule 603b)? Yes No
 17. Distance to the nearest building, public road, above ground utility or railroad: 520 ft
 18. Distance to nearest property line: 520 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 148 ft

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.)
Niobrara	NBRR	318 B	160	NE/4

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):

NE/4, Sec. 10, T4N-R46W

25. Distance to Nearest Mineral Lease Line: 520 ft 26. Total Acres in Lease: 160

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: Evaporation & burial

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	9+1/8	7	17	0	510	150	510	0
1ST	6+1/4	4+1/2	10.5	0	2,800	75	2,800	2,000

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

33. Comments Nearest well is 148' (Yuma County Oil Co 6-10/05-125-06935) from proposed YCO 12-10. The Yuma County Oil Co 6-10 well is to be plugged, please refer to Well Abandonment Report (Form 6) (Intent) approved 6-2-2011 (Doc # 1636071).No conductor casing will be set.

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 Manager Date: 11/9/2011 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. Nesline Director of COGCC Date: 12/1/2011

API NUMBER
05 125 12051 00

Permit Number: _____ Expiration Date: 11/30/2013

CONDITIONS OF APPROVAL, IF ANY:

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.

As per 318 B (1) Four (4) Niobrara Formation wells may be drilled in any quarter section.
 (2) No more than one (1) well may be located in any quarter quarter section. Therefore, the Yuma County Oil Co. #6-10, API# 125-06935, must be plugged and abandoned as has been approved on a Form 6 on 6/2/11. BY

- 1) Provide 24 hr notice of spud to Jim Precup at 303-469-1902 or e-mail at james.precup@ state.co.us.
- 2) Set at least 510' of surface casing per Rule 317d due to WW depths in Sec 2& 3 of T4N-R46W. Setting depth must be at least 50' into Pierre Shale and 50' below WW's w/in 1-mile. Cement to surface.
- 3) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 4) If dry hole, set 35 sks cement 50' above Niobrara top, 35 sks cement ½ out, ½ in surface casing, 10 sks cement at top of surface casing, cut casing 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Attachment Check List

Att Doc Num	Name
400222133	FORM 2 SUBMITTED
400222146	SURFACE AGRMT/SURETY
400222147	30 DAY NOTICE LETTER
400222148	PLAT
400222149	TOPO MAP

Total Attach: 5 Files

General Comments

User Group	Comment	Comment Date
Permit	If bonding issues have been resolved then final review completed. BY	12/1/2011 1:43:03 PM
Permit	Petron Yuma County Oil Co #6-10, API# 125-06935-00, is 148' from proposed location, Form 6 to abandon this well was approved on 6/2/11.	12/1/2011 12:52:01 PM
Permit	On hold wating on proper bonding. 11/30/2011	11/30/2011 1:31:04 PM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
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.
Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
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).
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	When available and reasonable use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available.
Storm Water/Erosion Control	Use water bars, and other measures to prevent erosion and non-source 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).
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. Operator 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 operator, its employees, or contractors cross through fences on the leased premises.

Total: 7 comment(s)