

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

Document Number:
400231660

PluggingBond SuretyID
20110203

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: Dexter Well Number: 1-30

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 2800

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 30 Twp: 2N Rng: 46W Meridian: 6
Latitude: 40.105643 Longitude: -102.557024

Footage at Surface: _____ feet FNL/FSL _____ feet FEL/FWL _____ feet

11. Field Name: Schramm Field Number: 76825

12. Ground Elevation: 3958 13. County: YUMA

14. GPS Data:
Date of Measurement: 11/29/2011 PDOP Reading: 1.3 Instrument Operator's Name: Brian Ritz / PFS

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: _____ feet FNL/FSL _____ feet FEL/FWL _____ feet

Bottom Hole: _____ feet FNL/FSL _____ feet FEL/FWL _____ feet

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: 846 ft

18. Distance to nearest property line: 375 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 962 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			

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):

SE4 Sec. 30 T2N-R46W

25. Distance to Nearest Mineral Lease Line: 300 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	450	140	450	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 _____

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: 12/13/2011 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: 1/8/2012

API NUMBER
05 125 12071 00

Permit Number: _____ Expiration Date: 1/7/2014

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.

- 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 450' of surface casing per Rule 317d due to WW depths. 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
400231660	FORM 2 SUBMITTED
400231662	30 DAY NOTICE LETTER
400231664	PLAT
400231839	TOPO MAP

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review passed 1/6/2012 NKP	1/6/2012 12:53:31 PM
Permit	Unit size and configuration corrected per opr. 1/6/2012 NKP	1/5/2012 9:16:53 AM
Permit	Email to opr to verify unit size and configuration as this is in WLR Rule 318B area 1/3/2012 NKP	1/3/2012 8:45:26 AM
Permit	Blanket plugging surety ID updated per S.S. 12/13/2011	12/13/2011 4:12:33 PM
Permit	Operator attached Topo map. This form has passed completeness.	12/13/2011 11:06:08 AM
Permit	Returned to draft. Topo attachment is not a topo map.	12/13/2011 10:56:37 AM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
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).
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.
Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
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).
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.
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.
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.

Total: 7 comment(s)