

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400233233

Date Received:

12/27/2011

PluggingBond SuretyID

20090025

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: AUGUSTUS ENERGY PARTNERS LLC

4. COGCC Operator Number: 10275

5. Address: 2016 GRAND AVE STE A

City: BILLINGS State: MT Zip: 59102

6. Contact Name: Loni Davis Phone: (970)332-3585 Fax: (970)332-3587

Email: ldavis@augustusenergy.com

7. Well Name: Wise Well Number: DB-18 5N46W

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

9. Proposed Total Measured Depth: 2950

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 18 Twp: 5N Rng: 46W Meridian: 6

Latitude: 40.406180 Longitude: -102.536270

Footage at Surface: 1255 feet FNL 1498 feet FEL

11. Field Name: Rock Creek Field Number: 74006

12. Ground Elevation: 3916 13. County: YUMA

14. GPS Data:

Date of Measurement: 12/10/2011 PDOP Reading: 2.1 Instrument Operator's Name: Neal McCormick

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: 1498 ft

18. Distance to nearest property line: 1183 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 788 ft

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.)
Niobrara	NBRR	351-4	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):

5N46W, Sec 18: NE/4

25. Distance to Nearest Mineral Lease Line: 1183 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 and 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+7/8	7	17	0	520	230	520	0
1ST	6+1/4	4+1/2	10.5	1	2,950	75	2,950	2,150

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

33. Comments No Conductor Casing will be used. The mineral and leasehold interests are uniform throughout the northwest quarter, therefore, no offsetting mineral or leasehold interests exist. Please see attachments regarding communications between AEP and COGCC regarding Pilot Program.

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: Loni J. Davis

Title: Oper Acctg & Reg Spec Date: 12/27/2011 Email: ldavis@augustusenergy.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: [Signature] Director of COGCC Date: 4/20/2012

API NUMBER Permit Number: _____ Expiration Date: 4/19/2014

05 125 12075 00

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 48 hour notice prior to spud via Form 42.
- 2) Set at least 520' of surface casing. 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
1698831	VARIANCE REQUEST
2332167	SURFACE CASING CHECK
400233233	FORM 2 SUBMITTED
400233522	PLAT
400233523	TOPO MAP
400235499	PROPOSED BMPs
400264600	SURFACE AGRMT/SURETY
400264602	WAIVERS
400264603	30 DAY NOTICE LETTER
400264607	CORRESPONDENCE

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Distance to nearest property line is correct per opr. Final Review passed 4/20/2012 NKP	4/20/2012 7:58:56 AM
Permit	The proposed location is within the 318B WLR area, which specifies that only four Niobrara wells be drilled within a quarter. The proposed well would be the fifth well. The operator provided information supporting a pilot project along with a 502.b variance request. The surface owner has signed a waiver acknowledging the exception location. This variance has been granted by the Acting Director. 4/18/2012.	4/18/2012 2:03:01 PM
Permit	Email to opr to verify distance to nearest property line. 4/18/2012 NKP	4/18/2012 10:41:19 AM
Permit	In December, 2011 opr submitted Form 2 with request for an exception location waiver to implement a pilot infill project. The form was returned to draft for further explanation of plans and objectives. When the Form 2 was resubmitted a variance request was attached in place of the waiver request. See attached correspondence for technical details of proposal.	4/18/2012 9:57:44 AM
Permit	Returned to draft at operators request.	12/27/2011 12:28:20 PM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>To address construction during drilling and all other operations associated with Oil and Gas development throughout Northern Yuma County, Colorado area StormWater Management Plans(SWMP) are in place and in compliance with the Colorado Department of Health and Environment (CDPHE) under Permit # COR-039921.</p> <p>Best Management Practices (BMP's) will be reviewed and maintained prior to, during and after construction of drilling site, laying of flowlines, installation of surface equipment and reclamation of site. Each location's BMP's will vary according to terrain and phase of construction and will be implemented in accordance to SWMP.</p> <p>Regular location inspections will be performed and any BMP's not effectively working will be documented and resolved in a timely manner.</p> <p>Spill Prevention, Control and Countermeasures will be implemented. Should any spills occur they will be cleaned up immediately and effectively to minimize any integration with storm water runoff. General good housekeeping practices will be performed to keep spills at a minimum.</p>

Total: 1 comment(s)