

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Document Number:

400255560

Date Received:

03/22/2012

PluggingBond SuretyID

20100083

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER Horizontal lateral
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☒3. Name of Operator: AXIA ENERGY LLC4. COGCC Operator Number: 103355. Address: 1430 LARIMER STREET #400City: DENVER State: CO Zip: 802026. Contact Name: Lisa Smith Phone: (303)857-9999 Fax: (303)450-9200Email: LSPermitco@aol.com7. Well Name: Bulldog Well Number: 5-31H-790

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

9. Proposed Total Measured Depth: 18369

WELL LOCATION INFORMATION

10. QtrQtr: LT 6 Sec: 5 Twp: 7N Rng: 90W Meridian: 6Latitude: 40.599719 Longitude: -107.511350

Footage at Surface: 359 feet FNL/FSL 1677 feet FEL/FWL FEL

11. Field Name: Craig North Field Number: 1355012. Ground Elevation: 6492 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 01/25/2012 PDOP Reading: 1.2 Instrument Operator's Name: Bart Hunting15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 869 FNL 1775 FEL 2040 FNL 2397 FEL FWL
 Sec: 5 Twp: 7N Rng: 90W Sec: 8 Twp: 7N Rng: 90W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 3170 ft18. Distance to nearest property line: 347 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 635 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			

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

T7N - R90W, Section 5: Lots 5-7, 10-20 Sec. 8: Lots 1-8

25. Distance to Nearest Mineral Lease Line: 600 ft

26. Total Acres in Lease: 863

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
CONDUCTOR	24	20	94	0	60	60	60	0
SURF	16	13+3/8	54.5	0	1,500	635	1,500	0
1ST	12+1/4	9+5/8	40	0	9,358	1,320	9,358	3,000
2ND	8+3/4	7	29	0	11,979	460	11,979	7,358
1ST LINER	7+7/8	4+1/2	11.6	10900	18,369	1,470	18,369	10,900

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: Lisa Smith

Title: Agent for Axia Energy LLC Date: 3/22/2012 Email: LSPermitco@aol.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: 5/17/2012

API NUMBER

05 081 07727 01

Permit Number: _____ Expiration Date: 5/16/2014

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING SHOE TO A MINIMUM OF 200' ABOVE TOP OF GAS (OR OTHER SHALLOWEST-KNOWN PRODUCING HORIZON). VERIFY CEMENT WITH A CBL.
(2B) IF THE FT. UNION FORMATION IS PRESENT, THEN THE CEMENT ON PRODUCTION CASING MUST BE AT LEAST 200' ABOVE TOP OF FT. UNION AND COMPLY WITH RULES 209 AND 317.I. SEGREGATE OIL, GAS, AND FRESH-WATER-BEARING ZONES AND PROTECT COAL SEAMS. VERIFY TOP WITH CBL.

(3) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 430 FEET DEEP.

Before placing oil/salt based muds in a pit, operator must file and receive prior approval of a Pit Permit, Form 15. COGCC regulations regarding pit permits can be found in Rule 903.a.(3). PIT PERMITTING/REPORTING REQUIREMENTS.

Attachment Check List

Att Doc Num	Name
2538022	LEASE MAP
400255560	FORM 2 SUBMITTED
400264225	SURFACE AGRMT/SURETY
400264930	WELL LOCATION PLAT
400264932	WAIVERS
400264933	DEVIATED DRILLING PLAN
400264934	DIRECTIONAL DATA

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	per oper.'s instructions, changed distance to min. lease to 600' (distance at BHL of 600' buffer around wellbore). agreed w/ distance to nearest well	5/14/2012 12:15:47 PM
Permit	attached lease map emailed by oper. describing voluntary pooling declaration. confirmed surface owner does not have mineral interest at SHL but does have mineral interest at BHL. question on distance to nearest well (pilot hole). LGD/pub. comments waived. Final Review--passed.	4/16/2012 10:03:23 AM
Permit	oper. to submit mineral lease map to better identify leasehold under wellbore. changed min. lease description and #of acres in lease per L.Smith's email. removed acreage from unit acreage on Obj. Fms. tab since unspaced. changed dist. to nearest min. lease to 0' since productive wellbore crosses fee lease lines.	4/13/2012 10:20:59 AM
Permit	on hold--questions on dist. to nearest well, mineral leases under productive wellbore.	4/10/2012 11:06:45 AM
Permit	Operator corrected #23, directional template, and plat. This form has passed completeness.	3/26/2012 1:10:44 PM
Permit	Returned to draft. #23 missing information, directional template, and plat.	3/23/2012 8:38:53 AM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)