

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

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Date Received:

10/25/2012

PluggingBond SuretyID

20110188

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: TEKTON WINDSOR LLC4. COGCC Operator Number: 103925. Address: 640 PLAZA DRIVE #290City: HIGHLANDS State: CO Zip: 80129
RANCH6. Contact Name: CLAYTON DOKE Phone: (970)669-7411 Fax: (970)669-4077Email: cdoke@petersonenergy.com7. Well Name: RANCHO WATER VALLEY 4 Well Number: 7-1-4-270-4-NH

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

9. Proposed Total Measured Depth: 11265

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 4 Twp: 5N Rng: 67W Meridian: 6Latitude: 40.435480 Longitude: -104.888050Footage at Surface: 220 feet FNL/FSL 255 feet FEL/FWL FEL11. Field Name: WATTENBERG Field Number: 9075012. Ground Elevation: 4775 13. County: WELD

14. GPS Data:

Date of Measurement: 09/26/2012 PDOP Reading: 2.9 Instrument Operator's Name: WYATT HALL15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 405 FNL 460 FEL 405 FNL 460 FWL 405 FNL 460 FWL
Sec: 4 Twp: 5N Rng: 67W Sec: 4 Twp: 5N Rng: 67W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 231 ft18. Distance to nearest property line: 220 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 270 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		320	GWA

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):

TOWNSHIP 5 NORTH, RANGE 67 WEST, SECTION 4, N/2 NE/4

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 80

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	9+5/8	36	0	1,220	640	1,220	0
1ST	8+3/4	7	23	0	7,115	125	7,115	6,130
1ST LINER	6+1/8	4+1/2	11.6	6170	11,265			

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

33. Comments No conductor casing will be run. Pad slot #4. This well is a Rule 318A(I).a.(4)D Horizontal GWA Well; Proposed Spacing Unit: N/2 N/2 Sec. 4-T56N-R67W and S/2 S/2 Sec. 33-T5N-R67W. PSU Map is attached. Well distance to nearest spacing unit boundary = 460'. 318A(I).a.(4) well, notices were mailed: 10/24/12. The affidavit of mailing is attached. 30-day certification detailing if objections were received will be sent on or about 11/23/12 contingent upon the date of receipt and after the 30-day period has expired. This well is being permitted under the provisions of Rule 318A(I).c.(3); an existing location exception waiver is already on file with the state [Doc#: 400227152] along with an associated request [Doc#: 40027176] for this location, thus no additional waiver or request has been attached. SAA is attached.

34. Location ID: 427157

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: CLAYTON DOKE

Title: PETROLEUM ENGINEER

Date: 10/25/2012

Email: cdoke@petersonenergy.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: Matthew Lee Director of COGCC Date: 12/18/2012

API NUMBER

05 123 36434 00

Permit Number: _____ Expiration Date: 12/17/2014

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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.
- 4) Form 5 Drilling Completion Report will include an explicit wellbore diagram detailing how the producing zone is isolated assuring the proper setback.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
1699208	WAIVERS
1699228	PROPOSED SPACING UNIT
1771943	SURFACE CASING CHECK
400334666	FORM 2 SUBMITTED
400338282	WELL LOCATION PLAT
400338302	DEVIATED DRILLING PLAN
400338408	DIRECTIONAL DATA
400338448	PROPOSED SPACING UNIT
400339193	SURFACE AGRMT/SURETY
400339194	OTHER

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review complete. Objection from Noble withdrawn and attached as waiver. 30 Day cert letter attached.	12/13/2012 3:58:04 PM
Permit	Attached 30 day certification letter for proposed spacing unit attachment.	12/12/2012 3:56:19 PM
Permit	Attached waiver from KMG lifting objections to APD.	12/5/2012 3:31:14 PM
LGD	If access to the site is proposed from SH 257, the operator shall contact CDOT for any access requirements. If access is proposed to a Town of Windsor street, the operator shall contact the Town of Windsor Engineering Department for access requirements.	11/5/2012 10:19:25 AM
LGD	Due to close proximity to residential neighborhoods, the applicant shall install a noise buffer to screen the initial drilling activities and installation of site improvements from surrounding neighborhoods. Additionally, activities that generate excessive noise shall be scheduled during daytime hours 8:00 a.m. to 5:00 p.m. to the maximum extent practicable.	10/31/2012 2:37:50 PM
LGD	Below please find the conditions of approval that are typically applied to conditional use grants for oil and gas operations located within Town. Therefore, the Town recommends the following conditions be placed on the abovementioned oil and gas facilities: 1. Prior to the commencement of drilling, the applicant shall submit comprehensive	10/30/2012 8:02:26 AM

	<p>"Drilling and Site Improvement Plans" for review and approval by the Town. Such plans shall address initial drilling activities, initial installation of site improvements and details, and on-going perpetual maintenance of the subject site including, but not limited to, the following:</p> <p>a. Site access plan. The Drilling and Site Improvement Plans and supplemental information shall address site access points and haul routes for review and approval.</p> <p>b. Public street clean-up and tracking prevention. The Drilling and Site Improvement Plans and supplemental information shall include a tracking pad for review and approval.</p> <p>c. Site grading. The Drilling and Site Improvement Plans and supplemental information shall address site grading, including any earth berms for emergency containment.</p> <p>d. Site lighting. The Drilling and Site Improvement Plans and supplemental information shall include details regarding site lighting fixtures and locations. Security and other site lighting shall utilize full cutoff light fixtures to mitigate light pollution.</p> <p>e. Temporary screening. The applicant shall install a buffer to screen the initial drilling activities and installation of site improvements from surrounding neighborhoods and streets. The temporary buffer shall include hay bales to enclose the drilling operations to provide noise mitigation.</p> <p>f. Permanent screening. Given the close proximity to residential neighbors, the Drilling and Site Improvement Plans shall depict proposed long-term screening materials including landscaping, earth berms and any other screening methods to mitigate visual impacts.</p> <p>g. Fencing. The Drilling and Site Improvement Plans shall depict fencing of the perimeter of the site. Fencing materials shall be reviewed for approval by the Town based upon the character of the surrounding neighborhood.</p> <p>h. Oil and gas equipment.</p> <p>(1) The applicant shall utilize electric motors in order to mitigate the noise impacts to the neighboring properties.</p> <p>(2) The applicant shall ensure that the wells and tanks are of the minimum size required to satisfy present and future functional requirements to mitigate visual impacts.</p> <p>(3) Low profile tanks shall be utilized and shall be installed in the least visible manner possible.</p> <p>(4) All tanks and equipment shall be painted to blend-in with the surrounding landscape.</p> <p>i. Air quality.</p> <p>(1) The applicant shall participate in any required Environmental Protection Agency (EPA) air quality monitoring and/or testing by allowing EPA to install equipment on site for said monitoring and testing.</p> <p>(2) The applicant shall install and operate an emissions control device (ECD) capable of reducing Volatile Organic Compound (VOC) emissions on the subject oil and gas equipment in accordance with Colorado Oil and Gas Conservation Commission (COGCC) and/or the Colorado Department of Public Health and Environment (CDPHE) rules and regulations.</p> <p>(3) The applicant shall submit to the Town copies of all air emissions reporting as required by the COGCC and/or the CDPHE's Air Pollution Control Division.</p>		
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	<p>j. Water quality.</p> <p>(1) The applicant shall ensure that any hydrocarbon discharges from the site comply with all state and federal water quality requirements.</p> <p>(2) The applicant shall participate in the Colorado Oil and Gas Association (COGA) Baseline Groundwater Quality Sampling Program utilizing independent third party sampling and laboratories and shall provide to the Town test results obtained before and after drilling operations.</p> <p>k. Emergency containment. The secondary containment berm surrounding all storage vessels shall be designed and constructed to contain a minimum of 110% of the volume of the largest vessel located within the containment area or to State of Colorado standards, whichever requirements are more stringent.</p> <p>l. Waste disposal. The applicant shall submit to the Town copies of all waste management reports as required by the COGCC and/or the CDPHE rules and regulations.</p> <p>m. The following certification blocks shall be included on the Drilling and Site Improvement Plans:</p> <p>(1) A signed owner's acknowledgement certification block.</p> <p>(2) A signed drilling operator's acknowledgement certification block.</p> <p>n. The following notes shall be included on the Drilling and Site Improvement Plans:</p> <p>(1) The applicant shall comply with all rules and regulations of the Colorado Oil and Gas Conservation Commission (COGCC).</p> <p>(2) The applicant shall comply with all rules and regulations of the Colorado Department of Public Health and Environment (CDPHE).</p> <p>(3) The applicant shall maintain on-going compliance with all conditions of the Town and Windsor-Severance Fire Rescue.</p> <p>(4) The facilities shall be kept clean and otherwise properly maintained at all times.</p> <p>(5) The existing access may be utilized for oil and gas well activities. This access point is temporary and will be required to be removed at such time that permanent access is available in the future.</p> <p>2. The applicant shall address and comply with the conditions of Windsor-Severance Fire Rescue.</p>		
Permit	Corrected spacing unit acreages as per opr. On hold for 30 Day Cert Letter.	10/29/2012 7:58:33 AM	
Permit	Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'. Operator requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Request and waivers attached. On hold for 30 day cert letter.	10/26/2012 9:17:33 AM	
Permit	This form passed completeness.	10/25/2012 2:19:48 PM	

Total: 9 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	Bradenhead Monitoring BMP: Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.
Drilling/Completion Operations	Anti-Collision BMP: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.

Total: 2 comment(s)