

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



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02/07/2013

PluggingBond SuretyID

20120048

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: INCREMENTAL OIL AND GAS (FLORENCE) LLC

4. COGCC Operator Number: 10417

5. Address: 4900 CALIFORNIA AVENUE, TOWER B-210

City: BAKERSFIELD State: CA Zip: 93309

6. Contact Name: Jennifer Angel-Lear Phone: (303)928-7128 Fax: (303)476-1645

Email: jangellear@petro-fs.com

7. Well Name: Bass Well Number: 08-07

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

9. Proposed Total Measured Depth: 6123

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 7 Twp: 20S Rng: 69W Meridian: 6

Latitude: 38.323888 Longitude: -105.147001

Footage at Surface: 2342 feet FNL/FSL 1039 feet FEL/FWL
FNL FEL

11. Field Name: Florence-Canon City Field Number: 24600

12. Ground Elevation: 5733 13. County: FREMONT

14. GPS Data:

Date of Measurement: 12/12/2012 PDOP Reading: 1.3 Instrument Operator's Name: Alan Hnizdo

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
2342 FNL 1039 FEL 2042 FSL 1553 FWL
Sec: 7 Twp: 20S Rng: 69W Sec: 8 Twp: 20S Rng: 69W

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: 2716 ft

18. Distance to nearest property line: 876 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 3001 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.)
Pierre	PRRE			

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):

T20S-R69W, Sec. 4: W2NW; Sec. 5: W2E2, W2; Sec. 6: N2NW; Sec. 8: W2, SE; Sec. 17: W2NW, NWSW. Also see attached lease.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 1733

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	16	1/4	0	60	5	60	0
SURF	12+1/4	8+5/8	24	0	810	300	810	0
1ST	7+7/8	5+1/2	15.5	0	6,123			

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

33. Comments No Conductor casing will be set. Incremental owns 100% of the working interest with regard to the productive interval of the proposed Bass 08-07 and that all leases will be pooled in a manner that protects correlative rights of all associated mineral interests. per DeAnne Spectre PFS 3/11/2012. These leases are available upon request.

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: Jennifer Angel-Lear

Title: Regulatory Technician Date: 2/7/2013 Email: jangellear@petro-fs.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: 3/15/2013

API NUMBER

05 043 06223 00

Permit Number: _____ Expiration Date: 3/14/2015

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 of MIRU to Mike Leonard at 719-647-9715 or e-mail at mike.leonard@state.co.us.
- 2) Set surface casing to at least 810'. Cement to surface.
- 3) If well is a dry hole, set 50 sks cement across surface casing shoe, 15 sks cement from 50' to 4' inside surface casing, cut off casing 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.
- 4) 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.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
2485720	SURFACE CASING CHECK
2518270	LEGAL/LEASE DESCRIPTION
2518280	SURFACE AGRMT/SURETY
400374704	FORM 2 SUBMITTED
400376475	WELL LOCATION PLAT
400379150	DIRECTIONAL DATA
400379151	30 DAY NOTICE LETTER
400379153	DEVIATED DRILLING PLAN

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	3/15/2013 11:33:08 AM
Permit	Horizontal well crosses lease line. Distance is revised to 0 feet from lease line.	3/15/2013 11:25:23 AM
Permit	Wellbore covers multiple leases. Permit agent provided comment that leases will be pooled to protect all mineral interests.	3/11/2013 2:37:48 PM
Permit	Operator attached another lease to cover section 7 and confirmed that no pilot will be drilled.	3/7/2013 5:58:53 AM
Permit	No pilot hole will be drilled. per operator.	3/7/2013 5:51:38 AM
Permit	On hold - Operator submitted top of production in section 7. No lease for section seven has been received.	2/25/2013 12:32:08 PM
Permit	On hold - Clarification requested from operator that a pilot hole will not be drilled.	2/25/2013 12:30:02 PM
Permit	This form has passed completeness.	2/8/2013 3:16:17 PM

Total: 8 comment(s)

BMP

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

Total: 7 comment(s)