

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

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Document Number:

400387615

Date Received:

03/04/2013

PluggingBond SuretyID

20130019

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: PETROSHARE CORPORATION

4. COGCC Operator Number: 10454

5. Address: 284 LARKSPUR DR

City: CASTLE ROCK State: CO Zip: 80104

6. Contact Name: Kimberly Rodell Phone: (303)942-0506 Fax: ()

Email: krodell@upstreampm.com

7. Well Name: Kowach Well Number: 3-25

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

9. Proposed Total Measured Depth: 7850

WELL LOCATION INFORMATION

10. QtrQtr: Lot 11 Sec: 25 Twp: 6N Rng: 90W Meridian: 6

Latitude: 40.444364 Longitude: -107.439783

Footage at Surface: 1843 feet FSL 2293 feet FWL

11. Field Name: Buck Peak Field Number: 7675

12. Ground Elevation: 7468 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 01/25/2013 PDOP Reading: 1.7 Instrument Operator's Name: Robert L. Kay

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: 2598 ft

18. Distance to nearest property line: 357 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1456 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	103-1	80	E/2SW/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):

T6N R90W Sec. 25: W2

25. Distance to Nearest Mineral Lease Line: 368 ft 26. Total Acres in Lease: 336

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: See comments.

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	20	16	42	0	40	50	40	0
SURF	12+1/4	9+5/8	36	0	650	290	650	0
1ST	8+3/8	7	23	0	6,300	280	6,300	3,783
1ST LINER	6+1/4	4+1/2	13.5	6200	7,850	0		

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

33. Comments Fresh water mud cuttings onsite and landsread. Oil based cuttings disposed at approved disposal facility.

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: Kimberly J. Rodell

Title: Permit Agent Date: 3/4/2013 Email: krodell@upstreampm.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: 5/16/2013

API NUMBER Permit Number: _____ Expiration Date: 5/15/2015

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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) 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.

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
2157012	EXCEPTION LOC REQUEST
400387615	FORM 2 SUBMITTED
400387618	PLAT
400387620	DRILLING PLAN
400387623	SURFACE AGRMT/SURETY
400387734	ACCESS ROAD MAP
400387735	TOPO MAP

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Spacing order 103-3 allowed exception location for NESW of Sec. 25-6N-90W: well no closer than 330' from qtr/qtr. Distance to nearest unit boundary is 381'. No LGD or public comments. Final Review--passed.	5/15/2013 3:26:54 PM
Permit	Operator advised that oil-based mud will be used.	4/10/2013 9:40:30 AM
Engineer	at least 30 sacks cement, probably more, is needed to completely fill the conductor-open-hole annulus (not 10)	4/8/2013 10:20:12 AM
Permit	Attached exc. loc. request ltr. No waivers needed. Added conductor casing info per oper.	4/4/2013 9:23:40 AM
Permit	Off hold. Oper. is submitting exception location request ltr. for exception location. Added Order #, spacing unit and designation.	4/2/2013 12:07:27 PM
Permit	Put APD on hold pending Commission hearing to revise spacing order.	3/18/2013 8:40:35 AM
Permit	Oper. advised that hearing application will be made for this exception location.	3/12/2013 8:42:51 AM
Engineer	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 220 FEET DEEP.	3/6/2013 1:57:18 PM
Engineer	changed top of liner from 7750' to 100' above shoe of upper casing string.	3/6/2013 1:57:17 PM
Permit	Need cond. csg. comment. Corrected dist. to nearest well (other well on pad) to 1456'. Exception location based on 103-7.	3/6/2013 10:30:48 AM

Total: 10 comment(s)

BMP

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