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: 400448279

Date Received: 07/16/2013

PluggingBond SuretyID 20120060

APPLICATION FOR PERMIT TO:

1. [X] **Drill,** [ ] Deepen, [ ] Re-enter, [ ] Recomplete and Operate

2. TYPE OF WELL
OIL [X] GAS [ ] COALBED [ ] OTHER _____
SINGLE ZONE [ ] MULTIPLE [X] COMMINGLE [ ]

Refiling [ ]
Sidetrack [ ]

3. Name of Operator: PRONGHORN OPERATING LLC 4. COGCC Operator Number: 10422

5. Address: 8400 E PRENTICE AVENUE #1000
City: GREENWOOD VILLAGE State: CO Zip: 80111

6. Contact Name: Jake Flora Phone: (720)988-5375 Fax: ()
Email: jakeflora@kfrcorp.com

7. Well Name: Dudley Well Number: 1

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

9. Proposed Total Measured Depth: 5800

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 31 Twp: 13S Rng: 44W Meridian: 6
Latitude: 38.882060 Longitude: -102.378100

Footage at Surface: 672 feet FNL/FSL FNL 2224 feet FEL/FWL FEL

11. Field Name: _____ Field Number: _____

12. Ground Elevation: 4339 13. County: CHEYENNE

14. GPS Data:
Date of Measurement: 04/09/2013 PDOP Reading: 1.9 Instrument Operator's Name: Elijah Frane

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 [X] No

17. Distance to the nearest building, public road, above ground utility or railroad: 672 ft

18. Distance to nearest property line: 672 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1300 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.)
MARMATON	MRTN			
MISSISSIPPIAN	MSSP			

21. Mineral Ownership: [X] Fee [ ] State [ ] Federal [ ] Indian Lease #: _____

22. Surface Ownership: [X] Fee [ ] State [ ] Federal [ ] Indian

23. Is the Surface Owner also the Mineral Owner? [ ] Yes [X] No Surface Surety ID#: 20120121

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 [X] $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):

NE, NENW, Sec 31, 13S, 44W, 6th

25. Distance to Nearest Mineral Lease Line: 672 ft 26. Total Acres in Lease: 200

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

If 28, 29, or 30 are "Yes" a pit permit may be required.

31. Mud disposal: ☐ Offsite ☒ Onsite

Method: ☐ Land Farming ☐ Land Spreading ☐ Disposal Facility Other: DRY & BURY

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	17+1/2	13+3/8	54	0	400	350	400	0
1ST	12+1/4	8+5/8	24	0	1700	100	1700	1250
2ND	7+7/8	5+1/2	15.5	0	5800	150	5800	4600
S.C. 2.1					2500	250	2500	1500

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

33. Comments No conductor casing will be used.

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: Jake Flora

Title: Petroleum Engineer Date: 7/16/2013 Email: jakeflora@kfrcorp.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: 8/29/2013

API NUMBER

05 017 07767 00

Permit Number: Expiration Date: 8/28/2015

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.

COA Type	Description
	1) Provide 48 hour notice prior to spud via electronic Form 42. 2) If production casing is set provide cement coverage from TD to at least 200' above MRTN. Cement across Cheyenne/Dakota aquifers (minimum 2450' – 1800'). Verify with CBL. 3) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the SPGN, 40 sks cement +/- 50' above the MRTN, 40 sks cement +/- 50' above any DST w/ show, 40 sks cement at 2450' up, 40 sks cement at 1800' up, 50 sks cement from 50' below surface casing shoe up into surface casing, 10 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Attachment Check List

Att Doc Num	Name
2518538	H2S CONTINGENCY PLAN
400448279	FORM 2 SUBMITTED
400448288	PLAT
400448311	MINERAL LEASE MAP

Total Attach: 4 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed; no LGD or public comment received.	8/19/2013 8:40:15 AM
Permit	Received H2S contigency plan.	8/12/2013 11:19:15 AM
Engineer	On Hold - Well plots in an area where H2S could possibly be encountered. Requested operator provide H2S drilling operations plan in accordance with paragraph 2 of the policy: Reporting Hydrogen Sulfide (H2S) COGCC Rule 607 (04/13/2012).	7/29/2013 4:54:04 PM

Total: 3 comment(s)

Best Management Practices

No	BMP/COA Type	Description