

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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07/02/2013

PluggingBond SuretyID

20090133

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: MINERAL RESOURCES, INC. 4. COGCC Operator Number: 57667

5. Address: PO BOX 328
City: GREELEY State: CO Zip: 80632

6. Contact Name: CLAYTON DOKE Phone: (303)216-0703 Fax: (303)216-2139
Email: cdoke@iptengineers.com

7. Well Name: DT-Habitat Well Number: 3-5-6

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

9. Proposed Total Measured Depth: 14693

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 5 Twp: 5N Rng: 65W Meridian: 6

Latitude: 40.435620 Longitude: -104.684270

Footage at Surface: 331 feet FNL 1835 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4643 13. County: WELD

14. GPS Data:

Date of Measurement: 11/12/2012 PDOP Reading: 0.7 Instrument Operator's Name: C. HOLMES

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
1425 FNL 2194 FWL 1263 FNL 460 FWL
Sec: 5 Twp: 5N Rng: 65W Sec: 6 Twp: 5N Rng: 65W

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: 530 ft

18. Distance to nearest property line: 198 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 70 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		480	GWA

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):

Please see attached Lease Map. Horizontal wellbore crosses lease lines within drilling and spacing unit; distance to lease line is 0'; distance to unit boundary is 460'.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 191

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	560	297	560	0
1ST	8+3/4	7	26	0	7581	729	7581	3000
1ST LINER	6+1/8	4+1/2	11.6	6358	14693			

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

33. Comments No conductor casing will be run. Pad slot #8. This well is a Rule 318A.a.(4)D Horizontal GWA Well; Proposed Spacing Unit: NW/4 of Sec 5-T5N-R65W; N/2 of Sec 6-T5N-R65W. PSU Map is attached. Well distance to nearest spacing unit boundary = 460'. Operator notified on 05/01/13 all owners as defined in C.R.S. §34-60-103(7) within the proposed spacing unit and has received no written objections per Rule 318A.e(6)B. Certification of objections are attached. SUA is attached. Attached is a map from Weld County showing surface owner's property and a description of the property to supplement the SUA. Operator respectfully requests 318A.c.(2) location exception. Request is attached. Mineral Resources respectfully requests that the Rule 318A.a(4)D Horizontal well and proposed spacing unit be approved. The distance cited in Question 17 is in relation to a building. Application to pool unit was heard at the June 17, 2013 COGCC Commission hearing, Docket No. 1306-UP-93, and was continued to the July hearing.

34. Location ID: 432599

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: SENIOR ENGINEER Date: 7/2/2013 Email: cdoke@iptengineers.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: 10/11/2013

API NUMBER 05 123 38294 00	Permit Number: _____	Expiration Date: <u>10/10/2015</u>
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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.

Description

Operator acknowledges the proximity of the non-operated ERBES #5-2H5 (API # 123-18339) well. Operator assures that this offset will be remediated per the DJ Basin Horizontal Offset Policy (options 1 or 2) or operator will address this well with mitigation option 4. Operator will submit a Form 42 ("OTHER – AS SPECIFIED BY PERMIT CONDITION") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.

Operator must meet water well testing requirements per Rule 318A.

- 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.
- 2) Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from the end of production casing to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.
- 4) At least two weeks prior to spud notice, the centralizer and cementing plans shall be submitted to the COGCC for review on a Form 4, Sundry Notice.
- 5) Four hours prior to running any casing, notification shall be provided to Mike Hickey, COGCC Engineer at 303-894-2100 x5105.
- 6) Circulation prior to cementing shall be done to accepted industry standards.
- 7) Bradenhead pressures shall be taken 6, 12, 24 and 48 hours after cementing production casing and prior to stimulation of the well. Once stimulation is complete, the bradenhead pressure shall be recorded at 24 hours, at 48 hours and at one week post-stimulation. Bradenhead pressures greater than 100 psi must be immediately reported on a Form 17 to the COGCC, sent to the attention of Mike Hickey.
- 8) All bradenhead pressures shall be monitored with a gauge that has a maximum reading of one thousand pounds per square inch (psi).

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2114215	EXCEPTION LOCATION REQUEST
2114334	VARIANCE REQUEST
400410980	FORM 2 SUBMITTED
400410986	WELL LOCATION PLAT
400410988	DIRECTIONAL DATA
400422151	DEVIATED DRILLING PLAN
400440838	OFFSET WELL EVALUATION
400442813	PROPOSED SPACING UNIT
400442873	SURFACE AGRMT/SURETY
400443340	LEASE MAP
400443353	EXCEPTION LOC REQUEST
400452200	OTHER

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator concurred with distance to nearest well. Received Exception Location Request for drilling outside a window and Variance Request. Ready to pass pending public comment.	8/6/2013 11:21:36 AM
Permit	Operator attached map as "Other" showing that the SHL is on the lands covered in the SUA. Exceptions to locations are waived in section 11 of SUA. Nearest well is Gas 2-2-5 at 70'. Requires a Variance Request for 2 wells. Surface owner is not the mineral owner per operator. Made that correction. Added horizontal wellbore comment to the Surface and Minerals tab. Drilling outside the window requires Exception Location Request. WO Variance Request and Exception Location Request.	3/1/2013 2:28:49 PM
Permit	This form has passed completeness.	7/23/2013 10:22:07 AM
Permit	Returned to draft. Requested operator remove oil and gas lease description and lease agreement. They are in metes and bounds and lease map will suffice. Requested operator clarify the location of the surface in the SUA with a map.	7/16/2013 2:30:05 PM
Permit	Returned to draft per operator's request.	7/3/2013 11:11:06 AM

Total: 5 comment(s)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	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.
2	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)