

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:

400457084

Date Received:

07/30/2013

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: JONATHAN RUNGE Phone: (303)216-0703 Fax: (303)216-2139
Email: jrunge@iptengineers.com

7. Well Name: 4H Well Number: 5-7-31

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

9. Proposed Total Measured Depth: 8428

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 32 Twp: 6N Rng: 65W Meridian: 6

Latitude: 40.441670 Longitude: -104.695600

Footage at Surface: 1629 feet FSL 288 feet FWL

11. Field Name: GREELEY Field Number: 32760

12. Ground Elevation: 4647 13. County: WELD

14. GPS Data:

Date of Measurement: 04/29/2011 PDOP Reading: 0.9 Instrument Operator's Name: Z. Waddle

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
739 FSL 2026 FEL 739 FSL 2026 FEL
Sec: 31 Twp: 6N Rng: 65W Sec: 31 Twp: 6N 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: 240 ft

18. Distance to nearest property line: 233 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1690 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| J SAND | JSND | Unspaced | 40 | GWA |
| NIOBRARA-CODELL | NB-CD | 407-87 | 80 | W/2 SE/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):

See attached Oil and Gas Lease map.

25. Distance to Nearest Mineral Lease Line: 150 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 | 8+5/8 | 24 | 0 | 560 | 336 | 560 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8428 | 1310 | 8428 | 3000 |

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

33. Comments No conductor casing will be run. This is a re-file of a permit that is set to expire on 10/31/13. Per the Re-filing Guidance Document dated March 20, 2007: there are no changes to the surrounding land use, no changes to the mineral lease description, and the well site has been built but currently no drilling is taking place at the site. Top of production cement has been increased to 3000'. Directional data is attached; it was not included in the original APD. SUA is attached, document uploaded as other contains maps and drawing of surface location. Confirmation of Rule 305 30 day Surface Owner Notification is attached. The distance cited in question 17 is in relation to a building.

34. Location ID: 423393

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: Jonathan Runge

Title: Petroleum Tech Date: 7/30/2013 Email: jrunge@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: 10/22/2013

API NUMBER **05 123 34646 00** Permit Number: _____ Expiration Date: 10/21/2015

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.

Description

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) At least one well on the pad must have a complete set of open hole logs (Compensated Neutron, Dual Induction, Resistivity, etc.) run from TD to surface and submitted to the COGCC.
- 6) Four hours prior to running any casing, notification shall be provided to Mike Hickey, COGCC Engineer at 303-894-2100 x5105.
- 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).
- 9) Circulation prior to cementing shall be done to accepted industry standards.

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> |
|---------------------------|------------------------|
| 400457084 | FORM 2 SUBMITTED |
| 400457531 | SURFACE AGRMT/SURETY |
| 400457533 | WELL LOCATION PLAT |
| 400457540 | MINERAL LEASE MAP |
| 400457612 | DEVIATED DRILLING PLAN |
| 400457661 | DIRECTIONAL DATA |
| 400460401 | OTHER |
| 400460402 | 30 DAY NOTICE LETTER |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Operator agrees with closest well and distance to mineral lease line. Ready to pass. | 10/18/2013 1:27:17 PM |
| Permit | Closest well is Bucklin 11-31 at 1690'. Corrected Unit Configuration to GWA. Corrected distance to mineral lease line to 150' Exception location waiver in the SUA. | 9/13/2013 8:25:30 AM |

Total: 2 comment(s)

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|------------------|--------------------------------|--|
| 1 | Drilling/Completion Operations | A closed loop system will be used for drilling fluids. |

Total: 1 comment(s)