

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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07/31/2013

PluggingBond SuretyID

20100083

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER ☐ Pilot/Directional ☐
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☐3. Name of Operator: AXIA ENERGY LLC4. COGCC Operator Number: 103355. Address: 1430 LARIMER STREET #400City: DENVER State: CO Zip: 802026. Contact Name: Lisa Smith Phone: (303)857-9999 Fax: (303)450-9200Email: Lisa@permitco-usa.com7. Well Name: Bulldog Well Number: 27-41H-891

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

9. Proposed Total Measured Depth: 13782

WELL LOCATION INFORMATION

10. QtrQtr: NE NE Sec: 27 Twp: 8N Rng: 91W Meridian: 6Latitude: 40.629153 Longitude: -107.586383

Footage at Surface: 300 feet FNL 1319 feet FEL
 FNL/FSL FEL/FWL

11. Field Name: Wildcat Field Number: 9999912. Ground Elevation: 7070 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 01/11/2013 PDOP Reading: 1.2 Instrument Operator's Name: Glen McElroy15. 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
680 FNL 680 FEL 680 FNL 680 FEL
 Sec: 27 Twp: 8N Rng: 91W Sec: 27 Twp: 8N Rng: 91W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 2086 ft18. Distance to nearest property line: 300 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 9053 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	540-13	2280	Sec 27,28,33,34

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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):

Axia Energy leaseholding is shown on attached Mineral Lease Map 2622633. Total Acres Leased is 2280. There are also 2280 acres included in the Spacing Unit. See Spacing Unit map attached 2622634. This well will be drilled across multiple lease lines.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 2280

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	20	16	75#	0	60	60	60	0
SURF	13+1/2	10+3/4	40.5#	0	1500	410	1500	0
1ST	9+7/8	7+5/8	26.4#	0	11657	820	11657	
OPEN HOLE	6+3/4			11657	13783			

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

33. Comments This location will be drilled for informational purposes only. COGCC: Operator's details moved here from eForm Casing Tab - open hole will be plugged back from 13,783' to 11,678' with 300 sacks cement prior to drilling the lateral hole.

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: Lisa Smith - PermitCo Inc

Title: Agent for Axia Energy LLC Date: 7/31/2013 Email: Lisa@permitco-usa.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: 11/22/2013

API NUMBER

05 081 07792 00

Permit Number: _____ Expiration Date: 11/21/2015

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

(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) INTERMEDIATE CASING CEMENT MUST PROVIDE COVERAGE OF ALL CRETACEOUS FORMATIONS PENETRATED BY THE INTERMEDIATE HOLE, INCLUDING THE LANCE FORMATION (IF HYDROCARBON SHOWS ARE OBSERVED IN THE LANCE FORMATION). INTERMEDIATE CASING CEMENT IS ALSO REQUIRED ACROSS THE UPPER 50 FEET OF THE LANCE FORMATION (IF NOT ALREADY CEMENTED, AS DESCRIBED ABOVE), THE ENTIRE FORT UNION FORMATION, AND ANY PORTION OF THE WASATCH FORMATION THAT IS PRESENT BELOW THE SURFACE CASING SHOE. INTERMEDIATE CEMENT SHALL LAP 200' INTO THE SURFACE CASING. INTERMEDIATE CASING CEMENT COVERAGE VERIFICATION BY CBL IS REQUIRED.

Data retrieval failed for the subreport 'IntPolicy_NTO' located at: \\DorDonSterling\cFarmReports\policy_nto.rdl. Please

Attachment Check List

Att Doc Num	Name
2622632	Mineral Lease Map
2622633	Mineral Lease Map
2622634	Drilling and Spacing Unit
400433493	FORM 2 SUBMITTED
400450922	DIRECTIONAL DATA
400450923	DEVIATED DRILLING PLAN
400450925	30 DAY NOTICE LETTER
400450926	SURFACE AGRMT/SURETY
400461277	PLAT

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
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 120 FEET DEEP.	3/6/2013 5:38:18 PM
Engineer	PROPOSED SURFACE CASING OF 1,500 FEET MAY NOT PROVIDE FULL COVERAGE OF WASATCH FORMATION, BASED ON FORT UNION REPORTED LOG TOPS IN OFFSET WELLS.	3/6/2013 5:38:07 PM
Permit	Passes Permitting. Changed language concerning Mineral Lease and Spacing Unit as per Operator. Deviated Drilling Plan shows directional pilot for this APD and horizontal lateral which follows on another APD.	3/6/2013 2:21:42 PM

Total: 3 comment(s)

Best Management Practices

No	BMP/COA Type	Description