FORM 2 Rev 08/13

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: 400480035

Date Received: 10/25/2013

APPLICATION FOR PERMIT TO:

☒ **Drill** ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER ____ Refiling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐ Sidetrack ☐

Well Name: NOLTE Well Number: 14A-13

Name of Operator: CAERUS PICEANCE LLC COGCC Operator Number: 10456

Address: 600 17TH STREET #1600N

City: DENVER State: CO Zip: 80202

Contact Name: CLAYTON DOKE Phone: (303)216-0703 Fax: (303)216-2139

Email: cdoke@iptengineers.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130021

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 14 Twp: 7S Rng: 96W Meridian: 6

Latitude: 39.432408 Longitude: -108.069189

Footage at Surface: 799 feet FSL (FNL/FSL) 343 feet FEL (FEL/FWL)

Field Name: GRAND VALLEY Field Number: 31290

Ground Elevation: 5091 County: GARFIELD

GPS Data:

Date of Measurement: 06/13/2013 PDOP Reading: 2.1 Instrument Operator's Name: UINTAH

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	
	1115	FSL	660	FWL		1115	FSL	660	FWL
Sec:	13	Twp:	7S	Rng:	96W	Sec:	13	Twp:	7S	Rng:	96W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: (check all that apply)
- ☒ is the mineral owner beneath the location.
- ☒ is committed to an Oil and Gas Lease.
- ☒ has signed the Oil and Gas Lease.
- ☐ is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: ____ Surface Surety ID: ____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Please see the attached Mineral Lease Map

Total Acres in Described Lease: 5231 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease #

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 517 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	1969	Feet
Building Unit:	4192	Feet
High Occupancy Building Unit:	4406	Feet
Designated Outside Activity Area:	3761	Feet
Public Road:	424	Feet
Above Ground Utility:	494	Feet
Railroad:	211	Feet
Property Line:	158	Feet

INSTRUCTIONS:
- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a:
- ☐ Buffer Zone
- ☐ Exception Zone
- ☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government:

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners:

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 330 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Unit Number:

SPACING & FORMATIONS COMMENTS

Township 7 South, Range 96 West, Section 13; NW/4 SW/4 SW/4

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
MESAVERDE	MVRD	479-21	10	NW/4, SW/4

DRILLING PROGRAM

Proposed Total Measured Depth: 6060 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 330 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H_2S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H2S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: [X] Annular Preventor [X] Double Ram [X] Rotating Head [ ] None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Other

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Other

Other Disposal Description:

Please see the attached Waste Management Plan

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: or Document Number: 400475679

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26	16	84	0	60	240	60	0
SURF	13+1/2	9+5/8	36	0	1000	290	1000	0
1ST	8+3/4	7	23	0	6060	930	6060	2345

[ ] Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

[ ] Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)

[ ] Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)

[ ] Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)

[ ] Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)

[ ] Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

[ ] Rule 318A.a. Exception Location (GWA Windows).

[ ] Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

[ ] Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

OTHER LOCATION EXCEPTIONS

Check all that apply:

[ ] Rule 318.c. Exception Location from Rule or Spacing Order Number

[ ] Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Matthew A. Wurtzbacher

Title: President Date: 10/25/2013 Email: matt@caerusoilandgas.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: _____ **Director of COGCC** Date: 1/10/2014

Expiration Date: 01/09/2016

API NUMBER

05 045 22310 00

Conditions Of Approval

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. (2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS IS REQUIRED. (3) CEMENT ON PRODUCTION CASING MUST BE A MINIMUM OF 200' ABOVE THE TOP OF THE MESA-VERDE FORMATION (OR 200' ABOVE THE OHIO CREEK FORMATION IF PRESENT). CEMENT TOP VERIFICATION BY CBL IS REQUIRED.
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire wellbore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Form 5 for every well on the pad shall identify which well was logged.

Best Management Practices

No	BMP/COA Type	Description

Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.
NW Colorado Notification Policy.
Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400480035	FORM 2 SUBMITTED
400480042	WELL LOCATION PLAT
400480044	DEVIATED DRILLING PLAN
400480045	DIRECTIONAL DATA
400485508	MINERAL LEASE MAP
400494354	WASTE MANAGEMENT PLAN

Total Attach: 6 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed. No LGD comments.	1/7/2014 9:13:45 AM
Permit	Operator requested the change in distance to nearest lease line from 660’ to 517’.	1/7/2014 9:06:17 AM
Permit	Distance to the nearest lease line says 660' looks to be closer to 517'.	1/7/2014 7:47:31 AM
LGD	pass, gdb	11/13/2013 2:07:14 PM
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 160 FEET DEEP.	10/29/2013 3:41:52 PM
Permit	This form has passed completeness.	10/28/2013 9:22:11 AM

Total: 6 comment(s)