

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:

400473285

APPLICATION FOR PERMIT TO:

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

Date Received:

10/25/2013

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: NOLTE

Well Number: 43A-14

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: 39.432419

Longitude: -108.069219

Footage at Surface: 803 feet FNL/FSL FSL 352 feet FEL/FWL FEL

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 ENGINEERING & LAND SURVEYING

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 2445 FSL 660 FEL 2445 FSL 660 FEL
 Sec: 14 Twp: 7S Rng: 96W Sec: 14 Twp: 7S Rng: 96W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe Surface Owner is: ☒ is the mineral owner beneath the location.(check all that apply) ☒ 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: No

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 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: 205 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1966 Feet

Building Unit: 4196 Feet

High Occupancy Building Unit: 4409 Feet

Designated Outside Activity Area: 3762 Feet

Public Road: 414 Feet

Above Ground Utility: 487 Feet

Railroad: 221 Feet

Property Line: 168 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: 313 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 205 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 14; NE/4 NE/4 SE/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 | 510-66 | 10 | E2SE4 |

DRILLING PROGRAM

Proposed Total Measured Depth: 6421 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 313 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S 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: ☒ Annular Preventor ☒ Double Ram ☒ 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 attached Waste Management Program

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 | 4+1/2 | 11.6 | 0 | 6421 | 930 | 6421 | 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: <u>Matthew A. Wurtzbacher</u> Title: <u>President</u> Date: <u>10/25/2013</u> Email: <u>matt@caerusoilandgas.com</u> | |
| 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: <u></u> Director of COGCC Date: <u>1/10/2014</u> Expiration Date: <u>01/09/2016</u> | |
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> API NUMBER 05 045 22312 00 </div> | |

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.

| <u>COA Type</u> | <u>Description</u> |
|-----------------|---|
| | 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. |
| | (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. |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|---------------------|--------------------|
| | | |

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

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|------------------------|
| 400473285 | FORM 2 SUBMITTED |
| 400479684 | WELL LOCATION PLAT |
| 400479685 | DIRECTIONAL DATA |
| 400479686 | DEVIATED DRILLING PLAN |
| 400485343 | MINERAL LEASE MAP |
| 400494305 | WASTE MANAGEMENT PLAN |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Final review completed. No LGD comments. | 1/7/2014 10:14:28 AM |
| Permit | Operator requested change of Spacing order to be 510-66. | 1/6/2014 10:05:09 AM |
| Permit | Spacing order 510-14 issue. | 12/5/2013 9:13:50 AM |
| LGD | pass, gdb | 11/13/2013 2:06:13 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 3:32:08 PM |
| Permit | This form has passed completeness. | 10/28/2013 9:00:34 AM |

Total: 6 comment(s)