

**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: PETROLEUM RESOURCE MANAGEMENT CORP.      4. COGCC Operator Number: 10421

5. Address: 1580 LINCOLN ST., STE 635  
City: DENVER      State: CO      Zip: 80203

6. Contact Name: Duncan Shepherd      Phone: (303)861-9480      Fax: (303)861-7362  
Email: petromgt@comcast.net

7. Well Name: Duncan Ranch      Well Number: 11-89-36 #3-4

8. Unit Name (if appl): \_\_\_\_\_      Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 10000

**WELL LOCATION INFORMATION**

10. QtrQtr: LOT 19      Sec: 36      Twp: 11N      Rng: 89W      Meridian: 6  
Latitude: 40.860331      Longitude: -107.325012

Footage at Surface:      728 feet      FSL      2409 feet      FEL

11. Field Name: Wildcat      Field Number: 99999

12. Ground Elevation: 7977.4      13. County: MOFFAT

14. GPS Data:  
Date of Measurement: 05/25/2013      PDOP Reading: 3.0      Instrument Operator's Name: Kyle Tesky

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

Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_      Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

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: 1107 ft

18. Distance to nearest property line: 728 ft      19. Distance to nearest well permitted/completed in the same formation(BHL): 4252 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.)
FORT UNION	FTUN			
LANCE	LNCE			
MANCOS	MNCS			
MESAVERDE	MVRD			

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):

Section 36: N2 and SE4; Section 25: S2SW and SWSE.

25. Distance to Nearest Mineral Lease Line: 215 ft

26. Total Acres in Lease: 557

### 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+0/0	16+0/0	65	0	80	100	80	0
SURF	12+1/4	8+5/8	24	0	980	508	980	0
1ST	7+7/8	5+1/2	17	0	10000	1045	10000	0

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

33. Comments After initial WOC time, a SOW 11" x 8-5/8" 3000-psi casing head will be installed. BOP equipment will consist of a 11", 3000-psi, double ram preventer with blind and pipe rams as well as an annular preventer. An HRC will be installed between BOP spool and Choke manifold with controls on rig floor. Spool will be located between casing head and BOPs. There are no improvements within 400 feet of the proposed well.

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: Rick Obernolte

Title: Environmental consultant Date: 7/8/2013 Email: rickobe1@aol.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: 3/20/2014

#### API NUMBER

05 081 07799 00

Permit Number: \_\_\_\_\_ Expiration Date: 3/19/2016

#### 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) PRODUCTION CASING CEMENT SHALL EXTEND FROM THE PRODUCTION CASING SHOE TO 200' ABOVE THE SURFACE CASING SHOE TO COMPLY WITH RULES 209. AND 317.I. FOR SEGREGATION OIL, GAS, AND FRESH WATER BEARING ZONES AND PROTECT COAL SEAMS. PRODUCTION CASING CEMENT COVERAGE VERIFICATION BY CBL IS REQUIRED.

**Applicable Policies and Notices to Operators**

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

**Attachment Check List**

<b>Att Doc Num</b>	<b>Name</b>
2157564	EXCEPTION LOC WAIVERS
2157569	EXCEPTION LOC REQUEST
400443819	FORM 2 SUBMITTED
400444726	WELL LOCATION PLAT
400444727	LOCATION DRAWING
400444728	CONST. LAYOUT DRAWINGS
400444729	CONST. LAYOUT DRAWINGS
400444730	CONST. LAYOUT DRAWINGS
400444732	CONST. LAYOUT DRAWINGS
400444733	OTHER
400444734	OTHER
400444735	OTHER
400444736	TOPO MAP
400444737	HYDROLOGY MAP
400444738	REFERENCE AREA PICTURES
400444739	LOCATION PICTURES
400444740	ACCESS ROAD MAP
400444741	SURFACE AGRMT/SURETY

Total Attach: 18 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Off Hold--operator submitted exception location request and offset mineral owner waiver. No LGD or public comments. Final Review--passed.	3/19/2014 12:16:20 PM
Permit	Oper. advised still working on exc. loc. request.	9/19/2013 9:34:36 AM
Permit	Put on hold pending receipt of exception loc. req. ltr. & waiver.	8/20/2013 3:49:18 PM
Engineer	PROPOSED SURFACE CASING OF 980' MAY NOT PROVIDE FULL COVERAGE OF FORT UNION FORMATION, BASED ON FORT UNION REPORTED LOG TOP IN AN OFFSET WELL.	3/9/2013 3:53:13 PM
Permit	Corrected qtr/qtr. Added related 2A. Distance to min. lease is 215'. Requires exc. loc. request ltr.	8/6/2013 11:39:51 AM
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 600 FEET DEEP.	7/22/2013 11:08:15 AM
Permit	Pass Completeness.	7/9/2013 11:25:25 AM

Total: 7 comment(s)

## Best Management Practices

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