



**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.)

Township 5 North-Range 64 West, 6th P.M., Section 24: SE/4SW/4, SW/4SE/4, Section 28: NE/4

Total Acres in Described Lease: 239 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: 0 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 705 Feet  
 Building Unit: 740 Feet  
 High Occupancy Building Unit: 3260 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 878 Feet  
 Above Ground Utility: 401 Feet  
 Railroad: 3110 Feet  
 Property Line: 380 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: 12/13/2014

**SPACING and UNIT INFORMATION**

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 100 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 500 Feet (Enter 5280 for distance greater than 1 mile.)

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

**SPACING & FORMATIONS COMMENTS**

Proposed Spacing Unit: E2E2 of Sec 28 and E2NE Sec 33 in T5N R64W

**OBJECTIVE FORMATIONS**

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CODELL                 | CODL           |                         | 240                           | GWA                                  |

**DRILLING PROGRAM**

Proposed Total Measured Depth: 13846 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 100 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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 318A

### DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

See comments on 2A.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: \_\_\_\_\_ or Document Number: \_\_\_\_\_

### CASING PROGRAM

| 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       | 9+5/8          | 36    | 0             | 875           | 850       | 875     | 0       |
| 1ST         | 8+3/4        | 7              | 26    | 0             | 7370          | 650       | 7370    | 500     |
| 1ST LINER   | 6+1/8        | 4+1/2          | 11.6  | 6052          | 13846         |           |         |         |

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 7" casing string will be cemented to at least 200' above Niobrara, around 500' from surface. CBL will only be run in the vertical section of the wellbore. Distance to nearest well Hendricks 33-1 measured to via the Anti-Collision Report in the Deviated Drilling plan.

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: Liz Lindow

Title: Regulatory Analyst Date: 2/26/2014 Email: liz.lindow@pdce.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: 4/8/2014

Expiration Date: 04/07/2016

|                   |
|-------------------|
| <b>API NUMBER</b> |
| 05 123 39225 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.**

| <u>COA Type</u> | <u>Description</u>   |
|-----------------|--|
|                 | Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.   |
|                 | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU.<br>2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.<br>3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.  |
|                 | Operator acknowledges the proximity of the listed wells. Operator agrees to provide mitigation Option 1 or 2 (per the DJ Basin Horizontal Offset Policy, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42(s) ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API Number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well.<br><br>Hall #28-4 (API #123-18468)<br>White #34-2 (API #123-12050) |

### Best Management Practices

| No | BMP/COA Type                           | Description   |
|----|--|---|
| 1  | Planning                               | 604c.(2).E. Multiwell Pads: This 2A application is for a 5-well pad. Entire area was reviewed at length for alternate locations. No other locations were suitable that would provide a greater distance between production facilities and building units. Site location was chosen do to high water table in the surrounding area and surface owner preference.   |
| 2  | Planning                               | 604c.(2).V. Development From Existing Well Pads: An existing pad was not available to utilize to develop these wells.   |
| 3  | Planning                               | 604.c.(2).W. Site Specific Measures: Dust abatement will be applied and properly maintained on CR 55 to minimize dust. Lighting will be provided during drilling and completion operations to ensure worker safety and compliance with all regulations. To the extent practicable, site lighting shall be directed downward and inward and shielded so as to avoid glare on public roads and building units within one thousand (1000) feet.  |
| 4  | Planning                               | 604c.(2).I. BOPE Testing for Drilling Operations: PDC's contractors will supply a double ram-5000' PSI rated BOPE (Blinds and pipes) and always function test BOPE's prior to placement on the well head and inspect and replace all seals and ram block rubbers. After installation of the BOPE, PDCE conducts a pressure test on the BOPE at a low pressure of (200-400 psi) and a high pressure test to the maximum amount of the BOPE rating with a third party tester, all tests are digitally recorded. |
| 5  | Planning                               | 604c.(2).J. BOPE for Well Servicing Operations: All valves will also be tested to maximum rating by a third party prior to being delivered to location. Whenever snubbing operations are being used the snubbing stack will be pressure tested at the same time the BOPE is being tested which consist of a single pipe ram and a annular bag.  |
| 6  | Planning                               | 604c.(2).L. Drill Stem Tests: PDC does not conduct drill stem tests, but will seek prior approval from the director if a drill stem test will be preformed.   |
| 7  | Planning                               | 604c.(2).U. Identification of Plugged and Abandoned Wells: Pursuant to rule 319.a. (5)., once the well has been plugged and abandoned, PDC will identify the location of the wellbore with a permanent monument that will detail the well name and date of plugging.  |
| 8  | Traffic control                        | 604c.(2).D. Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations.  |
| 9  | General Housekeeping                   | 604c.(2).N. Control of Fire Hazards: PDC will ensure that any material that might be deemed a fire hazard will be will remain no less than twenty-five (25) feet from the wellhead(s), tanks and separator(s). PDC installs automation equipment for tank level and pressure monitoring inside the bermed area that complies with API RP 500 classifications and with the current national electrical code as adopted by the State of Colorado.   |
| 10 | General Housekeeping                   | 604c.(2).P. Removal of Surface Trash: A commercial size trash bin for removing debris will be located on site. This bin will be for use by all parties affiliated with the operation.   |
| 11 | General Housekeeping                   | 604c.(2).T. Well Site Cleared: The wellsite will be cleared of all non-essential equipment within ninety (90) days after all wells associated with the pad have been plugged and abandoned.   |
| 12 | Material Handling and Spill Prevention | 604c.(2).F. Leak Detection Plan: See attached.  |

|    |  |  |
|----|--|--|
| 13 | Material Handling and Spill Prevention | 604c.(2).K. Pit Level Indicators: PDC uses an Electronic Drilling Recorder (EDR) with pit level monitor(s) and alarm(s) for production rigs. Basic level gages are used on steel pits utilized for the surface rig.  |
| 14 | Construction                           | 604c.(2).G. Berm Construction: To prevent adverse impacts to shallow groundwater, buried produced water vault shall be constructed of fiberglass and installed above an impermeable synthetic or geosynthetic liner system which shall be tied back into the surface liner. There are no water features downgradient within 500 feet.  |
| 15 | Construction                           | 604c.(2).S. Access Roads: PDC will utilize the lease access road west off of WCR 55 for drilling operations and maintenance equipment. The road will be properly constructed and maintained to accommodate for local emergency vehicle access.   |
| 16 | Construction                           | 604c.(2).M. Fencing Requirements: The completed wellsites will be surrounded with a fence and gate. PDC personnel will monitor the wellsites regularly upon completion of the wells. Authorized representatives and/or PDC personnel shall be on-site during drilling and completion operations.   |
| 17 | Construction                           | 604c.(2).Q. Guy Line Anchors: Rig guy wires are anchored to the rig's base beam that the rig stands on, temporary and permanent anchors will not be set on this location.  |
| 18 | Construction                           | 604c.(2).R. Tank Specifications: Condensate storage tanks will be designed, constructed and maintained in accordance with National Fire Protection Association (NFPA) Code 30 (2008 version). PDC will maintain written records to verify proper design, construction and maintenance. All records will be available for inspection by the Director.   |
| 19 | Noise mitigation                       | 604c.(2).A. Noise: PDC has conducted baseline noise surveys for all drilling rigs that are being contracted and has also conducted a baseline noise survey for hydraulic fracture stimulation operations on a representative horizontal well. These baseline surveys are utilized for site specific noise modeling to determine if any mitigation measures are warranted. A review will be conducted to identify potential receptors within 1000 feet of the proposed Chesnut 28U-HZ pad site. The building units of concern are located east of the proposed pad at a distance of approximately 536 and 581 feet and to the north-east approximately 545, 673 and 735 feet away. Noise modeling will be conducted for the proposed pad. If results exceed the Light Industrial Zone standard of 65 decibels (db) at the receptor location, additional methods of noise mitigation will be placed to north and east of the proposed pad. Mitigation shall include but not be limited to hay bales, noise walls, or customized semi-trailers.<br>PRODUCTION FACILITIES: It is not anticipated that noise mitigation will be necessary at the proposed tank battery location. After construction is completed, equipment installed and production begins, noise levels will be assessed to determine if mitigation measures will be required to be compliant with Rule 802. If noise mitigation measures are warranted, the COGCC will be consulted accordingly. |
| 20 | Emissions mitigation                   | 604c.(2).C. Green Completions: Flowlines, 48" HLPs, sand traps all capable of supporting green completions as described in rule 805 shall be installed at any Oil and Gas location at which commercial quantities of gas and or oil are reasonable expected to be produced based on existing wells. All green flow back equipment will be able to handle more than 1.5 times the amount of any know volumes in the surrounding field. First sign of salable gas will be put into production equipment and turned down line.  |
| 21 | Drilling/Completion Operations         | 604c.(2).O. Loadlines: All loadlines shall be bullplugged or capped.   |

|    |                                |  |
|----|--------------------------------|--|
| 22 | Drilling/Completion Operations | <p>Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.</p> <p>Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. The Colorado Oil and Gas Conservation Commission (COGCC) has established this Policy Regarding Bradenhead Monitoring During Hydraulic Fracturing Treatments ("Treatment") in the Greater Wattenberg Area ("GWA") pursuant to COGCC 207.a. ("Policy"). This Policy applies to oil and gas operations in the GWA as defined by the COGCC Rules of Practice and Procedure.</p> |
|----|--------------------------------|--|

Total: 22 comment(s)

### **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**

| <b><u>Att Doc Num</u></b> | <b><u>Name</u></b>          |
|---------------------------|-----------------------------|
| 2157565                   | OPEN HOLE LOGGING EXCEPTION |
| 400538199                 | FORM 2 SUBMITTED            |
| 400538920                 | PROPOSED SPACING UNIT       |
| 400538923                 | 30 DAY NOTICE LETTER        |
| 400538925                 | EXCEPTION LOC REQUEST       |
| 400538926                 | EXCEPTION LOC WAIVERS       |
| 400552879                 | OTHER                       |
| 400557279                 | OffsetWellEvaluations Data  |
| 400557284                 | DEVIATED DRILLING PLAN      |
| 400557287                 | OTHER                       |
| 400557289                 | DIRECTIONAL DATA            |
| 400557296                 | ANTI-COLLISION WAIVER       |
| 400559162                 | WELL LOCATION PLAT          |

Total Attach: 13 Files

### **General Comments**

| <b><u>User Group</u></b> | <b><u>Comment</u></b>   | <b><u>Comment Date</u></b> |
|--------------------------|---|----------------------------|
| Permit                   | Operator requests approval of a Rule 318Am exception location: Wellbore is to be located less than 150' from an existing wellbore. Request and waivers attached. No LGD or public comments. Final Review--passed. | 4/3/2014 7:20:53 AM        |
| Permit                   | Oper. submitted open hole logging exception request.  | 3/18/2014 9:25:12 AM       |
| Permit                   | Need open hole logging addressed.   | 3/11/2014 11:23:09 AM      |
| Permit                   | This form passes completeness.  | 2/27/2014 11:43:39 AM      |

Total: 4 comment(s)