

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.)

T10N, R57W, 6TH P.M.
SECTION 2: ALL
SECTION 3: ALL
SECTION 10: E2, N2NW, SENW
SECTION 13: SW, S2NW, NWNW
SECTION 14: ALL
SECTION 15: E2NE, SWNE, W2, W2SE
SECTION 23: N2NE, SW, W2NW, SENW, SWNE
SECTION 24: N2NW, NWNE
SECTION 26: S2, NW
SECTION 27: ALL
SECTION 28: NENE, S2NE, W2, SE
SECTION 33: NW

Total Acres in Described Lease: 5566 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: 495 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5004 Feet
Above Ground Utility: 2038 Feet
Railroad: 5280 Feet
Property Line: 329 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: 227 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 495 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| NIOBRARA | NBRR | 535-413 | 643 | S.2:All |

DRILLING PROGRAM

Proposed Total Measured Depth: 9526 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 227 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: Commercial Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Bio-remediation

Beneficial reuse or land application plan submitted?

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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 28 | 16 | 65 | 0 | 80 | 179 | 80 | 0 |
| SURF | 13+1/2 | 9+5/8 | 36 | 0 | 1700 | 754 | 1700 | 0 |
| 1ST | 8+3/4 | 7 | 29 | 0 | 5947 | 398 | 5947 | 0 |
| 1ST LINER | 6 | 4+1/2 | 11.6 | 5166 | 9526 | 301 | 9526 | 5166 |

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: Michael Brown

Title: Agent Date: 4/3/2014 Email: ml_brown@bresnan.net

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: 5/3/2014

Expiration Date: 05/02/2016

API NUMBER
05 123 39380 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> |
|-----------------|---|
| | 1) Provide 48 hour notice prior to spud via electronic Form 42. 2) Provide cement coverage to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) 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 following offset well(s) of concern: 05-123-11248, TOEDTLI B 1, DA: No Nbr isolation Operator agrees to: comply with the DJ Basin Horizontal Offset Policy to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit 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. |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--|--|
| 1 | Storm Water/Erosion Control | Stormwater management plans (SWMP) are in place to address construction, drilling and operations associated with oil and gas development throughout the State of Colorado. BMPs will be constructed as necessary to prevent stormwater from leaving the construction site. BMPs used will vary according to the location, and will remain until the pad is reclaimed. |
| 2 | Material Handling and Spill Prevention | Spill Prevention Control and Countermeasures (SPCC) plans are in place to address any possible spill associated with oil and gas operations throughout the State of Colorado. <ul style="list-style-type: none"> • Materials and fluids will be stored in a neat and orderly fashion. • Waste will be collected regularly and disposed of at an offsite facility. • Prompt cleanup is required of spills to minimize waste materials entering the stormwater runoff. • Drip pans will be used during fueling and maintenance to contain spills or leaks. • Cleanup of trash and discarded material will be done at the end of the work day. • Cleanup will consist of monitoring the road, location and any other work areas. • Material to be cleaned up includes trash, scrap, and contaminated soil. |
| 3 | Drilling/Completion Operations | Wells Planned within 1500 feet are shown on the multi-well plan map. |
| 4 | Drilling/Completion Operations | Open hole resistivity log with gamma ray will be run on one of the first wells on this pad to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage. The Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged. |

Total: 4 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|--------------------|----------------------------|
| 400581843 | FORM 2 SUBMITTED |
| 400582152 | OffsetWellEvaluations Data |
| 400582165 | DIRECTIONAL DATA |
| 400582172 | DEVIATED DRILLING PLAN |
| 400582177 | WELL LOCATION PLAT |
| 400583517 | DRILLING PLAN |
| 400584473 | DIRECTIONAL DATA |

Total Attach: 7 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|--|-------------------------|
| Permit | No LGD or public comments. Final Review--passed. | 4/28/2014 2:59:45 PM |
| Engineer | On Hold - Wells within 1500' of the proposed directional plan lack adequate formation isolation: 05-123-11248, TOEDTLI B 1, DA: No Nbr isolation Emailed operator rep (ml_brown@bresnan.net) | 4/17/2014 4:36:28 PM |
| Permit | Oper. submitted revised Xcel dir. template. Corrected unit acreage to agree w/ spacing order. | 4/4/2014 1:41:38 PM |
| Permit | This form has passed completeness. | 4/4/2014 9:06:14 AM |

Total: 4 comment(s)