

**APPLICATION FOR PERMIT TO:**

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

TYPE OF WELL    OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____	Refiling <input type="checkbox"/>
ZONE TYPE    SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Sidetrack <input type="checkbox"/>

Date Received:  
03/20/2014

Well Name: <u>ISLAND RANCH</u>	Well Number: <u>24D-13</u>
Name of Operator: <u>CAERUS PICEANCE LLC</u>	COGCC Operator Number: <u>10456</u>
Address: <u>600 17TH STREET #1600N</u>	
City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>	
Contact Name: <u>SHAUNA DEMATTEE</u>	Phone: <u>(720)299-4495</u> Fax: (    )
Email: <u>sdemattee@progressivepcs.net</u>	

**RECLAMATION FINANCIAL ASSURANCE**  
 Plugging and Abandonment Bond Surety ID: 20130021

**WELL LOCATION INFORMATION**

QtrQtr: LOT 11    Sec: 13    Twp: 7S    Rng: 96W    Meridian: 6  
 Latitude: 39.433822      Longitude: -108.064247

Footage at Surface: <u>1318</u> feet	FNL/FSL FSL <u>1058</u> feet	FEL/FWL FWL _____
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Field Name: PARACHUTE      Field Number: 67350  
 Ground Elevation: 5056      County: GARFIELD

GPS Data:  
 Date of Measurement: 02/20/2014    PDOP Reading: 1.4    Instrument Operator's Name: ROBERT L. KAY

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
<u>205</u> FSL <u>1980</u> FWL	<u>205</u> FSL <u>1980</u> FWL	<u>205</u> FSL <u>1980</u> FWL	<u>205</u> FSL <u>1980</u> FWL
Sec: <u>13</u> Twp: <u>7S</u> Rng: <u>96W</u>	Sec: <u>13</u> Twp: <u>7S</u> Rng: <u>96W</u>	Sec: <u>13</u> Twp: <u>7S</u> Rng: <u>96W</u>	Sec: <u>13</u> Twp: <u>7S</u> Rng: <u>96W</u>

**LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT**

Surface Ownership:  Fee     State     Federal     Indian

The 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: 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 ATTACHED MINERAL LEASE MAP. Please note, this well is producing from a spacing unit in the SW/4 of Section 13, T7S, R96W.

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: 473 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1948 Feet  
Building Unit: 2770 Feet  
High Occupancy Building Unit: 3103 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 920 Feet  
Above Ground Utility: 2019 Feet  
Railroad: 855 Feet  
Property Line: 979 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 205 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.)
WILLIAMS FORK-ILES	WFILS	479-21	160	SW/4

## DRILLING PROGRAM

Proposed Total Measured Depth: 6052 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<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     609    

**DRILLING WASTE MANAGEMENT PROGRAM**

Drilling Fluids Disposal:     OFFSITE          Drilling Fluids Disposal Methods:     Recycle/reuse    

Cuttings Disposal:     OFFSITE          Cuttings Disposal Method:     Beneficial reuse    

Other Disposal Description:

If cuttings meet Table 910 they will be beneficially reused

Beneficial reuse or land application plan submitted?     No    

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	26	16	84#	0	75	115	75	0
SURF	13+1/2	9+5/8	36#	0	1000	290	1000	0
1ST	8+3/4	4+1/2	11.6#	0	6052	950	6052	

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 First String/ Production casing will be > 200' above top of the Mesaverde formation. The Form 2A for this pad location was submitted on 3/20/2014 (see related form Doc#). All proposed casing depths are measured from GL.

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: SHAUNA DEMATTEE

Title: Permit Representative Date: 3/20/2014 Email: sdemattee@progressivepcs.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

<b>API NUMBER</b>
05 045 22396 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>
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore 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 Drilling Completion Report - 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. SEE ATTACHED NOTICE.  2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON FIELD NOTICE TO OPERATORS IS REQUIRED, WITH THE FOLLOWING EXCEPTION: ALL FIELD NOTICE REQUIREMENTS SPECIFIED IN THIS NOTICE TO OPERATORS ARE SUPERSEDED BY THE REQUIREMENTS OF THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY (SEE CONDITION OF APPROVAL #1). SEE ATTACHED NOTICE.  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

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
400575495	FORM 2 SUBMITTED
400575498	DIRECTIONAL DATA
400575499	DEVIATED DRILLING PLAN
400575501	WELL LOCATION PLAT
400575502	MINERAL LEASE MAP

Total Attach: 5 Files

### General Comments

User Group	Comment	Comment Date
Permit	Final review completed. No LGD comments.	5/1/2014 1:59:09 PM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1 MILE IS 160 FEET DEEP. Evaluated existing offset wells within 1,500 feet of this wellbore. No mitigation required.	3/24/2014 4:43:15 PM
Permit	Passed completeness.	3/21/2014 1:16:28 PM
Permit	CPW Wildlife Mitigation Plan: PDC WMP	3/21/2014 1:16:20 PM

Total: 4 comment(s)