

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:

400629274

APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____

Refilling ☒

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:

06/18/2014

Well Name: Ferguson Well Number: 11-30 2N46W
Name of Operator: AUGUSTUS ENERGY RESOURCES LLC COGCC Operator Number: 10489
Address: 36695 HWY 385
City: WRAY State: CO Zip: 80758
Contact Name: Loni Davis Phone: (970)332-3585 Fax: (970)332-3587
Email: ldavis@augustusenergy.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130106

WELL LOCATION INFORMATION

QtrQtr: Lot 1 Sec: 30 Twp: 2N Rng: 46W Meridian: 6
Latitude: 40.115530 Longitude: -102.563040

Footage at Surface: 1299 feet FNL/FSL FNL 1254 feet FEL/FWL FWL

Field Name: SCHRAMM Field Number: 76825

Ground Elevation: 3960 County: YUMA

GPS Data:

Date of Measurement: 06/12/2014 PDOP Reading: 1.5 Instrument Operator's Name: Darren Veal

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: _____

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: Surface Use Agreement

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.)

2N46W Sec 30: NW/4, less tract, among other lands

Total Acres in Described Lease: 145 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: 1178 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3490 Feet

Building Unit: 3490 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1299 Feet

Above Ground Utility: 1299 Feet

Railroad: 1874 Feet

Property Line: 1178 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: 1058 Feet

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

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

SPACING & FORMATIONS COMMENTS

318B

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 | | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 2820 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1058 Feet (Including plugged wells)

Will a closed-loop drilling system be used? No

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: UIC Disposal

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

Other Disposal Description:

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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF | 9+7/8 | 7 | 17 | 0 | 460 | 200 | 460 | 0 |
| 1ST | 6+1/4 | 4+1/2 | 10.5 | 0 | 2820 | 100 | 2820 | 0 |

☒ 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 | We would like to use the same API# that is assigned to this well. 05-125-11687. -There have been no changes to the location. -I certify that there have been no changes on land use, lease description. -The pad has not been built. -A Pit will be used for the cuttings, but has not been constructed yet -There will be no additional surface disturbance. -The location does not require a variance from any of the rules listed in Rule 306.d.(1).(A).(ii). -The location is not within a wildlife Restricted Surface Occupancy Area. |
|----------|---|

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 411788

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: Loni Davis

Title: Oper. Acctg & Reg Spec Date: 6/18/2014 Email: ldavis@augustusenergy.com

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: _____

Expiration Date: _____

API NUMBER

05 125 11687 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.

Best Management Practices

| No | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|--|
| 1 | Drilling/Completion Operations | <p>Best Management Practices Southern Yuma County, Colorado</p> <p>To address construction during drilling and all other operations associated with Oil and Gas development throughout Southern Yuma County, Colorado area StormWater Management Plans(SWMP) are in place and in compliance with the Colorado Department of Health and Environment (CDPHE) under Permit # COR-039920.</p> <p>Best Management Practices (BMP's) will be reviewed and maintained prior to, during and after construction of drilling site, laying of flowlines, installation of surface equipment and reclamation of site. Each location's BMP's will vary according to terrain and phase of construction and will be implemented in accordance to SWMP.</p> <p>Regular location inspections will be performed and any BMP's not effectively working will be documented and resolved in a timely manner.</p> <p>Spill Prevention, Control and Countermeasures will be implemented. Should any spills occur they will be cleaned up immediately and effectively to minimize any integration with storm water runoff. General good housekeeping practices will be performed to keep spills at a minimum.</p> |

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|----------------------|
| 400629274 | FORM 2 SUBMITTED |
| 400629317 | 30 DAY NOTICE LETTER |
| 400629318 | WELL LOCATION PLAT |
| 400629319 | SURFACE AGRMT/SURETY |
| 400629321 | TOPO MAP |

Total Attach: 5 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|---------------------------------|
| Permit | <p>Return to draft:</p> <p>1. Both surface and mineral owner selected as FEE and checked that the surface owner is committed to an oil and gas lease but not checked that the surface owner is the mineral owner.</p> <p>2. Cuttings disposal method not selected.</p> | <p>6/20/2014 9:21:13 AM</p> |

Total: 1 comment(s)