

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:

400635010

APPLICATION FOR PERMIT TO:

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

Date Received:

06/27/2014

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Federal

Well Number: 10/11-15-21

Name of Operator: DEJOUR ENERGY (USA) CORPORATION

COGCC Operator Number: 10301

Address: 1401 17TH STREET #850

City: DENVER

State: CO

Zip: 80202

Contact Name: Neyeska Mut

Phone: (303)296-3535

Fax: (303)296-3888

Email: ngmut@dejour.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: SWSE Sec: 21 Twp: 6S Rng: 91W Meridian: 6

Latitude: 39.508535

Longitude: -107.556019

Footage at Surface: 789 feet FNL/FSL FSL 1769 feet FEL/FWL FEL

Field Name: KOKOPELLI

Field Number: 47525

Ground Elevation: 7009.5

County: GARFIELD

GPS Data:

Date of Measurement: 04/21/2010 PDOP Reading: 3.0 Instrument Operator's Name: Kyle Tesky

If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL FSL 2000 FEL 493 FSL 2000 FEL 493 FSL 2000 FEL
 Sec: 21 Twp: 6S Rng: 91W Sec: 21 Twp: 6S Rng: 91W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☐ Fee ☐ State ☒ Federal ☐ IndianThe 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.)

COC66370: SEC 21: E2NE, SESW, SWSE; SEC 22: SWNW, W2SW, SESW; SEC 25: SWSW; SEC 26: S2

Total Acres in Described Lease: 680 Described Mineral Lease is: ☐ Fee ☐ State ☒ Federal ☐ Indian

Federal or State Lease # COC66370

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 493 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4854 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 435 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 5280 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 | WMFK | 191-70 | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 8478 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 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: Cuttings trench

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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 18 | 14 | 54 | 0 | 60 | 100 | 60 | 0 |
| SURF | 13+1/2 | 9+5/8 | 36 | 0 | 1500 | 692 | 1500 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8478 | 770 | 8478 | 1300 |

☐ 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 well is located on an existing well pad Dejour 21A (Location #426533) and there are four completed wells on this location. Including this well four more production wells and one produced water disposal well are planned.

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

Location ID: 426533

Is this application being submitted with an Oil and Gas Location Assessment application? 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: Agent Date: 6/27/2014 Email: rickobe1@aol.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

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 BMP/COA Type

Description

| | |
|--|--|
| | |
|--|--|

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400635010 | FORM 2 SUBMITTED |
| 400635040 | WELL LOCATION PLAT |
| 400635042 | MULTI-WELL PLAN |
| 400635044 | DEVIATED DRILLING PLAN |
| 400635046 | DRILLING PLAN |
| 400635050 | DIRECTIONAL DATA |
| 400635055 | DIRECTIONAL DATA |

Total Attach: 7 Files

General Comments

| User Group | Comment | Comment Date |
|------------|--|--------------------------|
| Permit | Return to draft. Zone type is blank. Proposed TD does not match casing, directional data, and deviated drilling plan TD. | 6/30/2014 11:31:59 AM |

Total: 1 comment(s)