

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.)

T33N R8W Sec. 21: E/2NE/4, Sec. 22: W/2NW/4

Total Acres in Described Lease: 160 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: 720 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 525 Feet

Building Unit: 555 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 3100 Feet

Above Ground Utility: 3100 Feet

Railroad: 5280 Feet

Property Line: 365 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: 06/10/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1100 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 720 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.)
FRUITLAND COAL	FRLDC	112-195	320	E/2

DRILLING PROGRAM

Proposed Total Measured Depth: 3989 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 32 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 608

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Waste Management Plan attached.

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
SURF	12+1/4	8+5/8	24	0	500	400	500	0
1ST	7+7/8	5+1/2	17	500	3989	710	3989	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 Closest well completed to IGS 146 BHL is the Elm Ridge IGS 109.
Waste Management Plan attached as supplement to Drilling and Waste Plans tab.
Please copy me on any/all correspondence with the operator.

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

Location ID: 326624

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: Robert D. Joyce

Title: Agent Date: 7/21/2014 Email: jlr@animas.net

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
1	Community Outreach and Notification	No buildings or building units within 500'. Surface owner and building unit owner within 1000' notified.
2	Pre-Construction	Rule 604.c.(2)W-Pre-construction consultation occurred at the time the Surface Damage Agreement was negotiated and surface owner has been continually noticed and updated by written notice, e-mail, phone and numerous onsite meetings.
3	Traffic control	Rule 604.c.(2)D- Access is off CR 318, approximately 4.7 miles from it's intersection with Hwy 172. Access gate is on the South side of CR 318il. Access is granted by existing Surface Damage Agreement (attached). Elm Ridge agrees to comply with any La Plata County traffic control measures required for this well.
4	General Housekeeping	Rule 604.c.(2)P- Trash containers will be maintained on site. Trash will be hauled to and disposed at a commercial landfill.
5	Storm Water/Erosion Control	Please see attached Storm Water Management Plan prepared by Ecosphere Environmental Services.
6	Material Handling and Spill Prevention	Rule 604.c.(2)F- Wells are monitored daily by the pumpers. Pressure monitoring is not necessary. Maximum reservoir pressure is approximately 1200 psig. These are low pressure gathering lines. All gathering lines are checked yearly for leaks. Per Rule 604.c.(2)G.- Berms will be constructed with corrugated metal sides around water tanks and will will be sufficient in height and area to contain 150% of the volume of the largest single tank. Synthetic liners are being and will be used under tanks on location. Rule 604.c.(2)N-Any materials not in use that might constitute a fire hazard will be removed a minimum distance of twenty five feet from the wellhead, tanks and separator. No electrical equipment installations are planned inside the bermed area. Please see attached Storm Water Management Plan prepared by Ecosphere Environmental Services.
7	Construction	Rule 604.c.(2)V.- the IGW 146 well will be located in the immediate vicinity of and wholly within the footprint of the existing Crigler Ute FT #1 well pad. Rule 604.c.(2)B.- no fresh water pits are planned. Rule 604.c.(2)E- The existing well access road will be used. No new disturbance is anticipated. Standard specifications for this access road include a driving surface constructed with with 6 inches of 3" minus gravel over a driving surface approximately 12 feet in width, crowned, with ditches and culverts where necessary for drainage. Rule 604.c.(2)M.- The tract of land where the well pad is located is perimeter fenced with an entrance to well access on Blackhawk Trail Rule 604.c.(2)V-The existing well pad for the Crigler Ute FT #1 well is being used for this location.
8	Noise mitigation	Rule 604.c.(2)ADrilling and Completion: Noise levels will be monoitored by operator and if exceeds acceptable levels operator agrees to install sound walls or, if necessary, provide reasonable motel accommodations for the affected party. Post-production: No necessity for engines or motorized equipment is anticipated. If such equipment becomes necessary, Elm Ridge will first try to electrify the location if it is practical and feasible. If not, they will orient exhaust away from the affected party and will use hospital grade mufflers, buried, in series. Elm Ridge will install sound walls if necessary
9	Drilling/Completion Operations	604.c.(2)K.- Pit level indicators will be used. 604.c.(2)L- Drill stem tests are not typically done and none are anticipated. Rule 604.c.(2)O- Load lines will be bullplugged Rule 604.c.(2)Q- Guy line anchors will be identified per COGCC rules and are tested before each use. Rule 604.c.(2)S. – Existing well access road will be used and maintained for all weather use and will meet any safety requirements.

Total: 9 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>
400579473	FORM 2 SUBMITTED
400647734	DEVIATED DRILLING PLAN
400647737	DRILLING PLAN
400647740	SURFACE AGRMT/SURETY
400647750	WELL LOCATION PLAT
400647753	ACCESS ROAD MAP
400647758	WASTE MANAGEMENT PLAN
400648495	DIRECTIONAL DATA
400649472	DIRECTIONAL DATA
400649473	FORM 2 SUBMITTED

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Return to draft. Imported directional data does not include TD.	7/23/2014 12:33:03 PM
Permit	Return to draft. Directional data not imported.	7/22/2014 9:58:56 AM

Total: 2 comment(s)