

**APPLICATION FOR PERMIT TO:**

1.  Drill,  Deepen,  Re-enter,  Recomplete and Operate

2. TYPE OF WELL

OIL  GAS  COALBED  OTHER \_\_\_\_\_

SINGLE ZONE  MULTIPLE  COMMINGLE

Refiling  PluggingBond SuretyID 20110179

Sidetrack

3. Name of Operator: GUNNISON ENERGY CORPORATION 4. COGCC Operator Number: 100122

5. Address: 1801 BROADWAY #1200  
City: DENVER State: CO Zip: 80202

6. Contact Name: Brett Murray Phone: (303)296-4222 Fax: (303)296-4555  
Email: brett.murray@oxbow.com

7. Well Name: Jacobs Federal Well Number: 1290 #6-32 H1

8. Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 16620

**WELL LOCATION INFORMATION**

10. QtrQtr: Lot 3 Sec: 6 Twp: 12S Rng: 90W Meridian: 6  
Latitude: 39.045075 Longitude: -107.486072

Footage at Surface: 1530 feet FNL 1670 feet FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 8052 13. County: GUNNISON

14. GPS Data:  
Date of Measurement: 06/14/2013 PDOP Reading: 2.0 Instrument Operator's Name: Robert L. Kay

15. 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 \_\_\_\_\_

1325 FNL 1142 FEL 1450 FNL 214 FEL

Sec: 6 Twp: 12S Rng: 90W Sec: 8 Twp: 12S Rng: 90W

16. Is location in a high density area? (Rule 603b)?  Yes  No

17. Distance to the nearest building, public road, above ground utility or railroad: 1096 ft

18. Distance to nearest property line: 1052 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5280 ft

**LEASE, SPACING AND POOLING INFORMATION**

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
MANCOS	MNCS			

21. Mineral Ownership:  Fee  State  Federal  Indian Lease #: 068788, 068789

22. Surface Ownership:  Fee  State  Federal  Indian

23. Is the Surface Owner also the Mineral Owner?  Yes  No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease?  Yes  No

23b. If 23 is No:  Surface Owners Agreement Attached or  \$25,000 Blanket Surface Bond  \$2,000 Surface Bond  \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

See Separate Sheet

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 160

### DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated?  Yes  No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling?  Yes  No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling?  Yes  No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)?  Yes  No

31. Mud disposal:  Offsite  Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method:  Land Farming  Land Spreading  Disposal Facility Other: Land Farming and/or other

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26+0/0	20	78.6	0	102			
SURF	16+0/0	13+3/8	54.5	0	800	320	800	0
1ST	12+1/4	9+5/8	40	0	4400	400	4400	2000
2ND	8+3/4	7+0/0	26	0	8700	530	8700	4000
2ND LINER	6+1/8	4+1/2	12.6	7700	16620	545	16620	8200

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None

33. Comments This horizontal wellbore crosses lease lines therefore the distance to the nearest lease line is zero.

34. Location ID: 324487

35. Is this application in a Comprehensive Drilling Plan ?  Yes  No

36. Is this application part of submitted Oil and Gas Location Assessment ?  Yes  No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Brett Murray

Title: Land Manager Date: 7/17/2013 Email: brett.murray@oxbow.com

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: 8/16/2014

API NUMBER

05 051 06133 00

Permit Number: \_\_\_\_\_ Expiration Date: 8/15/2016

CONDITIONS OF APPROVAL, IF ANY:

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.

**Description**

(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING SHOE TO A MINIMUM OF 200' ABOVE TOP OF GAS IN THE MESAVERDE GROUP AND ANY COAL SEAMS IN MESAVERDE GROUP FORMATIONS OR A MINIMUM OF 200' ABOVE ANY POTENTIALLY PRODUCTIVE SHOWS IN THE WASATCH FORMATION, WHICHEVER IS MORE STRINGENT. VERIFY INTERMEDIATE CASING CEMENT COVERAGE WITH A CEMENT BOND LOG.

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.

**Applicable Policies and Notices to Operators**

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

**Attachment Check List**

<b><u>Att Doc Num</u></b>	<b><u>Name</u></b>
1792853	WELL LOCATION PLAT
400449356	FORM 2 SUBMITTED
400449670	TOPO MAP
400454099	LEASE MAP
400455315	DEVIATED DRILLING PLAN
400458934	OIL & GAS LEASE
400461106	DIRECTIONAL DATA

Total Attach: 7 Files

## General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. There are LGD comments.	8/15/2014 8:56:53 AM
Permit	Operator requested the changes in COC numbers.	10/7/2013 10:44:28 AM
Permit	For Surface & Minerals tab the TOP appears to be on FEE the BHL is on Fed. therefore the distance to nearest lease line is zero. Have requested Federal lease numbers for this well the ones given are for the H2 wellbore to the north needs to include COC 069789.	10/3/2013 8:26:14 AM
LGD	<p>The Jacobs Trust 12-90 #6-32 Well, Permit #OG2007-04, was approved on July 25, 2007 by Gunnison County as No Significant Impact Operation, Certification No. 66 Series 2007. The existing well was drilled in September of 2007.</p> <p>In reviewing the hydrology map for the H1 and H2 wells, it identifies "existing water" within 150' of the existing well pad. As part of the pre-application conference on July 3, 2013 among Gunnison County representatives and Gunnison Energy Corporation, Gunnison Energy Corporation submitted a hydrology map that identified those areas as "ephemeral" drainages.</p> <p>Gunnison County in its Regulations for Oil and Gas Operations has an inner buffer that extends 150', measured horizontally, from the nearest high water mark of any down gradient water body to any disturbed area. No feature of an oil and gas operation shall be located within the inner buffer except linear features or new well (s) on existing well pad(s). The instant application appears to be for new well(s) on existing pad(s).</p> <p>Dated this 19th day of August, 2013.</p> <p>Submitted by David Baumgarten, Gunnison County Local Government Designee</p>	8/19/2013 2:47:42 PM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 000 FEET DEEP (NO WATER WELLS WITHIN 1-MILE).	3/9/2013 5:58:39 PM
Permit	Passed completion	3/8/2013 6:12:13 AM
Permit	<p>Returned to draft:</p> <ol style="list-style-type: none"> <li>1) Complete distance to nearest well.</li> <li>2) Required attachments for horizontal are deviated drilling plan and XCEL dir. template.</li> <li>3) No lease description or lease map attachment.</li> <li>4) Indicate salt/oil based muds?</li> <li>4) Distance to mineral lease is 0'.</li> <li>5) Total lease acres not filled in.</li> <li>6) SHL latitude/long. incorrect according to plat (use NAD 83).</li> <li>7) Loc ID# must be filled in.</li> <li>8) Requires related 2A to be submitted.</li> <li>9) Field name must be completed; use wildcat</li> <li>10) Form 4 must be submitted to report as built for existing SI well.</li> </ol>	7/18/2013 9:18:13 AM

Total: 7 comment(s)

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>