

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.)

T8N-R93W
Sec. 13: ALL
Sec. 14: N/2, N/2SW/4, SE/4SW/4, SE/4
Sec. 23: E/2W/2, E/2
Sec. 24: ALL

Total Acres in Described Lease: 1240 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: 660 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 242 Feet
Above Ground Utility: 5280 Feet
Railroad: 5280 Feet
Property Line: 1485 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: 1365 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 660 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Docket No. 1309-SP-1183. Pooling Docket No. 1309-UP-196.
Township 8 North, Range 93 West, 6th P.M.
Section 13: All
Section 14: N½, N½ SW¼, SE¼ SW¼, SE¼
Section 23: E½ W½, E½
Section 24: All

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	540-34	2360	Sec. 13,14,23,24

DRILLING PROGRAM

Proposed Total Measured Depth: 19996 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1175 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? Yes

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: Other

Other Disposal Description:

Water based cuttings to be tested to Table 910 standards, mixed/treated as necessary and buried or spread at location - oil based cuttings hauled to commercial disposal facility.

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	20	16	55	0	60	60	60	0
SURF	13+1/2	10+3/4	40.5	0	2000	550	2000	0
1ST	9+7/8	7+5/8	26.4	0	9920	965	9920	
2ND	6+3/4	5+1/2	20	0	9820	85	9820	7820
TAPER	6+3/4	4+1/2	13.5	9820	19996	705	19996	9820

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

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 Casing is tapered 5-1/2" to 4-1/2"

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: Lisa Smith

Title: Agent for Axia Energy LLC Date: 5/9/2014 Email: lisa@permitco-usa.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:  Director of COGCC Date: 8/11/2014

Expiration Date: 08/10/2016

API NUMBER
05 081 07810 01

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.

COA Type

Description

	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.
	<p>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE.</p> <p>(2) THE OPERATOR SHOULD HAVE PREVIOUSLY DETERMINED THAT CEMENT ON INTERMEDIATE CASING (7+5/8" FIRST STRING) EXTENDS INTO THE SURFACE CASING (MINIMUM 200' LAP ABOVE SURFACE CASING SHOE) TO PROVIDE ISOLATION OF ALL CRETACEOUS (INCLUDING MESAVERDE GROUP, LEWIS, FOX HILLS, AND LANCE) OIL, GAS, AND WATER-BEARING SANDSTONE AND COALBED FORMATIONS THAT ARE NOT OTHERWISE COVERED BY SURFACE CASING. VERIFY INTERMEDIATE CASING (7+5/8" FIRST STRING) CEMENT COVERAGE WITH A CBL.</p> <p>(3) THE OPERATOR'S PLAN TO ENSURE TOP OF CEMENT FOR THE PRODUCTION CASING (4.5") TO BE A MINIMUM OF 100' PAST THE INTERMEDIATE CASING SHOE IS ACCEPTABLE. VERIFY PRODUCTION CASING CEMENT COVERAGE WITH A CBL.</p>

Best Management Practices

No BMP/COA Type

Description

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Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num

Name

400497929	FORM 2 SUBMITTED
400605436	DEVIATED DRILLING PLAN
400605438	MINERAL LEASE MAP
400605439	MULTI-WELL PLAN
400605440	WELL LOCATION PLAT
400605441	SURFACE AGRMT/SURETY
400605455	DIRECTIONAL DATA
400605464	UNIT CONFIGURATION MAP

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Oper. corrected dist. to lease, unit, and nearest permitted well. No LGD or public comments. Final Review--passed.	3/5/2014 8:24:48 PM
Permit	Req'd corrected dist. to unit & lease.	7/24/2014 6:28:37 AM
Engineer	Offset Well Evaluation: There are two existing offset wells within 1500' of this proposed wellbore. OFFSET PA WELL NORTH LAY CREEK UNIT #1 (05-081-06051), TD AT 16381' IN THE CAMBRIAN. MULTIPLE CASING STRINGS ABOVE THE OPEN HOLE INTERVAL AT THE BOTTOM OF THE HOLE: 7+5/8" FIRST LINER, CEMENTED FROM 13501' TO 11526', 9+5/8" PRODUCTION CASING SET AT 12076' WITH MULTIPLE SQUEEZES (TOC AT 2100'), SURFACE CASING SET AT 3976' (FULLY CEMENTED). CEMENT PLUGS ARE SET OVER THE OPEN HOLE INTERVAL BELOW THE LINER. THE MVRD TOP IS ISOLATED WITH A CICR AND 100 SX CMT SQUEEZE AT 3886'. THE LWIS PRODUCTION ZONE IS ISOLATED WITH A CICR AND 100 SX CMT SQUEEZE AT 2230'. AN 80 SX CMT PLUG IS SET AT THE SURFACE. THE WELL PRODUCED FROM THE MVRD AND LWIS. NO MITIGATION REQUIRED. OFFSET DA WELL PEROULIS #1 (05-081-05380), TD AT 4371' IN THE MESAVERDE GROUP, NO PRODUCTION CASING SET, SURFACE CASING SET AT 315'. OPEN HOLE PLUGGED WITH 25 SX CMT AT 4075' ACROSS THE MVRD TOP, 25 SX CMT SET AT 325' ACROSS THE SURFACE CASING SHOE, AND 10 SX CMT AT SURFACE. NO MITIGATION REQUIRED.	5/19/2014 2:06:10 PM
Engineer	PROPOSED SURFACE CASING OF 2,000 FEET WILL LIKELY PROVIDE FULL COVERAGE OF THE WASATCH AND FORT UNION FORMATIONS, BASED ON LANCE FORMATION REPORTED LOG TOPS IN OFFSET WELLS.	5/19/2014 2:05:44 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 390 FEET DEEP.	5/19/2014 2:05:10 PM
Permit	Passed completeness	5/13/2014 9:18:26 AM

Total: 6 comment(s)