

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.)

Township 7 North, Range 67 West, 6th P.M.
 Section 28: Part of the Northwest Quarter (NW/4) in Section 28, Township 7 North, Range 67 West, Estimated to contain 101.8 acres more or less.

Total Acres in Described Lease: 102 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 578 Feet
 Building Unit: 578 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 390 Feet
 Above Ground Utility: 345 Feet
 Railroad: 5280 Feet
 Property Line: 450 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: 05/13/2014

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 225 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Distance from completed portion of wellbore to nearest wellbore permitted or completed in the same formation is the Rancho 14-22 API #01-123-35689
 Codell: PSU is S2S2 sec 21 N2N2 sec 28, and SWSW, SESW, SWSE of sec 22, NWNW, NENW, NWNE of sec 27.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		560	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 14742 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 225 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 318A

DRILLING WASTE MANAGEMENT PROGRAM

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

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Other

Other Disposal Description:

Cuttings will be disposed of by land spreading.

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	24+0/0	16+0/0	42	0	80	100	80	0
SURF	13+1/2	9+5/8	36	0	816	423	816	0
1ST	8+3/4	7	26	0	7547	900	7547	0
1ST LINER	6+1/8	4+1/2	13.5	7450	14742			

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

The Operator proposes to sidetrack the Nelson Farms 1 well in Section 28, T7N R67W, in weld county, colorado, as follows:

SHL: 704' FNL 409' FWL - Falls outside a legal GWA Drilling Window
Top of Production: 0' FNL, 460' FWL
BHL: 13' FNL 2554' FWL - Falls outside a legal GWA Drilling Window

This well is being sidetracked due to kicking off in the wrong direction and not being able to be recovered in time. There will be 2- 500' 17.5 ppg cement plugs set with the top at 6200' and will be used to side track at approximately 6400'. Planned top of production zone and planned BHL remain unchanged from the original permit.

Operator intends to drill the well to the Codell formation at 14,742' MD and 7175' TVD.

Letter to the Director for COGCC Rule 318A.m. Minimum intrawell distance is not necessary for this well location, no wells lie within 150' of the proposed horizontal lateral of the proposed well.

Letter to the Director for COGCC Rule 318A.a. Exception Location Request, attached as Exception Loc Request

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

Location ID: _____

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: Dustin Dyk

Title: Drilling Manager Date: 9/3/2014 Email: ddyk@extractionog.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: 9/4/2014

Expiration Date: 09/03/2016

API NUMBER

05 123 39961 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

COA Type	Description

Best Management Practices

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

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400677242	FORM 2 SUBMITTED
400678893	FORM 2 SUBMITTED
400679054	WELLBORE DIAGRAM
400679058	FORM 2 SUBMITTED
400679087	CORRESPONDENCE
400679102	FORM 2 SUBMITTED

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete. Added dist. to lease line and corrected dist. to unit.	9/4/2014 10:20:29 AM
Permit	This is an Unplanned Sidetrack. The SHL, TOPZ, and BHL have not changed. Required wellbore and pdf of verbal approval are not attached. Sending back to draft. Received form back with proper attachments. Added Surety Bond Number as per opr. Form passes completeness.	9/4/2014 7:22:14 AM
Permit	Cultural setbacks have been left blank Acreage and unit configuration left blank Drilling and waste tab incomplete No attachments	9/3/2014 3:12:10 PM

Total: 3 comment(s)