

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.)

T34N R7W Sec. 33: SE/4SW/4, SE/4; Sec. 34: W/2SW/4, SE/4SW/4

Total Acres in Described Lease: 320 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # 14-20-151-54

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 728 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 520 Feet

Building Unit: 533 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 209 Feet

Above Ground Utility: 293 Feet

Railroad: 5280 Feet

Property Line: 215 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: 06/17/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 2240 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

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 | 112-190 | 320 | S/2 |

DRILLING PROGRAM

Proposed Total Measured Depth: 3282 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1816 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: ONSITE Cuttings Disposal Method: Commercial Disposal
 Other Disposal Description:

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 | 9+5/8 | 36# | 0 | 400 | 230 | 400 | 0 |
| 1ST | 8+3/4 | 7+0/0 | 263 | 0 | 3282 | 390 | 3282 | 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 This well will be developing Indian minerals under fee lands. Extensive discussions with the surface owner were conducted prior to the signing of the SUA. The Surface owner has waived requirements under Rule 604.a(2). (see attached waiver).

For BMP's please see Federal Drilling Permit package.

Please copy me on any/all correspondence with Operator.

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: Robert D. Joyce _____

Title: Agent _____ Date: _____ 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 | Planning | This proposed well is on Fee surface under an Indian lease and a permit application has been submitted to the Bureau of Land Management. For BMP's please see attached Federal Drilling Permit |
|---|----------|--|

Total: 1 comment(s)

Attachment Check List

| Att Doc Num | Name |
|-------------|----------------------|
| 400689565 | WAIVERS |
| 400695051 | SURFACE PLAN |
| 400695065 | DRILLING PLAN |
| 400695076 | FED. DRILLING PERMIT |
| 400696102 | WELL LOCATION PLAT |

Total Attach: 5 Files

General Comments

| User Group | Comment | Comment Date |
|------------|---------|--------------|
| | | |

Total: 0 comment(s)