

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
09/11/2014

| | | | | | |
|--------------|---|---|--|-------------|------------------------------------|
| TYPE OF WELL | OIL <input checked="" type="checkbox"/> | GAS <input type="checkbox"/> | COALBED <input type="checkbox"/> | OTHER _____ | Refilling <input type="checkbox"/> |
| ZONE TYPE | SINGLE ZONE <input checked="" type="checkbox"/> | MULTIPLE ZONES <input type="checkbox"/> | COMMINGLE ZONES <input type="checkbox"/> | | Sidetrack <input type="checkbox"/> |

Well Name: Bernhardt Well Number: 6K-443

Name of Operator: PDC ENERGY INC COGCC Operator Number: 69175

Address: 1775 SHERMAN STREET - STE 3000

City: DENVER State: CO Zip: 80203

Contact Name: Shaye Marshall Phone: (303)318-6131 Fax: ()

Email: shayelyn.marshall@PDCE.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20090078

WELL LOCATION INFORMATION

QtrQtr: NWSW Sec: 6 Twp: 4N Rng: 66W Meridian: 6

Latitude: 40.340120 Longitude: -104.826480

Footage at Surface: 2272 feet FNL/FSL FSL 921 feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4722 County: WELD

GPS Data:
Date of Measurement: 08/08/2014 PDOP Reading: 1.7 Instrument Operator's Name: Brian Rottinghaus

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 |
| <u>2227</u> | <u>FSL</u> <u>735</u> | <u>FWL</u> | <u>2161</u> | <u>FNL</u> <u>735</u> | <u>FWL</u> |
| Sec: <u>6</u> | Twp: <u>4N</u> | Rng: <u>66W</u> | Sec: <u>7</u> | Twp: <u>4N</u> | Rng: <u>66W</u> |

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
(check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

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.)

Please see attached mineral lease map.

Total Acres in Described Lease: 141 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: 1837 Feet

Building Unit: 1891 Feet

High Occupancy Building Unit: 4234 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 461 Feet

Above Ground Utility: 200 Feet

Railroad: 5280 Feet

Property Line: 451 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: 153 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 500 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

SW of Section 6, NW of Section 7, in 4N 66W

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 | | 320 | GWA |

DRILLING PROGRAM

Proposed Total Measured Depth: 11727 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 116 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: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Drill cuttings will be land applied at PDC spread fields with COGCC Facility ID 429629, 430649, 431183, 434889, or 436033.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 429629 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 | 13+3/4 | 9+5/8 | 36 | 0 | 875 | 830 | 875 | 0 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 7652 | 650 | 7652 | 500 |
| 1ST LINER | 6+1/8 | 4+1/2 | 13.5 | 6455 | 11727 | | | |

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 7" casing string will be cemented to at least 200' above Niobrara, around 500' from surface. CBL will only be run in the vertical section of the wellbore. Distance to nearest well [Bernhardt 13-6 P & A] measured to via the Anti-Collision Report in the Deviated Drilling plan. Well is PA'd no Anti-Collision required.

PDC request an exception to rule 317.o.: PDC will run a cased hole log.

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: Shaye Marshall

Title: Regulatory Analyst Date: 9/11/2014 Email: shayelyn.marshall@PDCE.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: 10/23/2014

Expiration Date: 10/22/2016

API NUMBER

05 123 40395 00

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

| | |
|--|---|
| | Anti-collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5. |
| | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from end of 7" casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well. |

Best Management Practices

| No | <u>BMP/COA Type</u> | <u>Description</u> |
|----|--------------------------------|--|
| 1 | Drilling/Completion Operations | Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. The Colorado Oil and Gas Conservation Commission (COGCC) has established this Policy Regarding Bradenhead Monitoring During Hydraulic Fracturing Treatments ("Treatment") in the Greater Wattenberg Area ("GWA") pursuant to COGCC 207.a. ("Policy"). This Policy applies to oil and gas operations in the GWA as defined by the COGCC Rules of Practice and Procedure. |

Total: 1 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> |
|--------------------|-----------------------------|
| 1696385 | PROPOSED SPACING UNIT |
| 400653600 | FORM 2 SUBMITTED |
| 400674264 | OFFSET WELL EVALUATION |
| 400680807 | MINERAL LEASE MAP |
| 400684273 | WELL LOCATION PLAT |
| 400684276 | DEVIATED DRILLING PLAN |
| 400684277 | DIRECTIONAL DATA |
| 400684279 | EXCEPTION LOC WAIVERS |
| 400684280 | EXCEPTION LOC REQUEST |
| 400684282 | 30 DAY NOTICE LETTER |
| 400684305 | OPEN HOLE LOGGING EXCEPTION |

Total Attach: 11 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|--------------------------|
| Permit | Final Review Completed. No LGD or public comment received. | 10/22/2014 3:27:18 PM |
| Permit | Per operator Railroad bed 185' to the south is abandoned. Nearest operating Railroad is 5280'. Received and attached corrected 30 Day Certification letter and Proposed Spacing Unit map. Well within 150' setback is PA'd. No Anti-Collision letter required. ok to pass. | 9/30/2014 9:32:23 AM |
| Permit | Operator requested Exception to Open Hole Logging Rule 317.o. See attached. | 9/30/2014 9:32:22 AM |
| Permit | ON HOLD: Please provide a corrected Distance to nearest RailRoad. Requesting corrected 30 Day Certification letter and Proposed Spacing Unit map. | 9/26/2014 2:34:37 PM |
| Engineer | Offset Wells Evaluated. | 9/17/2014 10:54:43 AM |
| Permit | Passed Completeness | 9/12/2014 1:07:33 PM |

Total: 6 comment(s)