

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.)

See attached.

Total Acres in Described Lease: 8382 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: 600 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1110 Feet

Building Unit: 1150 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 215 Feet

Above Ground Utility: 247 Feet

Railroad: 2275 Feet

Property Line: 221 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: 98 Feet

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

Federal or State Unit Name (if appl): 5280 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.)
NIOBRARA	NBRR	531-6		

DRILLING PROGRAM

Proposed Total Measured Depth: 11852 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 98 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 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:

Drill cuttings will be remediated using Eco-Sponge for the treatment/remediation of drill cuttings within the confines of the drilling pad (see Waste Management Plan for details).

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	1400	900	1400	0
1ST	8+3/4	5+1/2	17	0	11852	1700	11852	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 The well falls in the North Park Horizontal Niobrara Field; field code: 60120. The e-forms system will not allow for this field. COGCC has been contacted twice for this issue which at the time of submittal has not been resolved.

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

Location ID: 414127

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: Kimberly Rodell

Title: Permit Agent Date: 6/16/2014 Email: krodell@upstreampm.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: 11/4/2014

Expiration Date: 11/03/2016

API NUMBER
05 057 06536 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

	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.
	(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED. SEE ATTACHED NOTICE. (2) COGCC CONCURS WITH OPERATORS PROPOSED FIRST STRING CEMENT TOP AT THE GROUND SURFACE. AT A MINIMUM, FIRST STRING (5+1/2" CASING) CEMENT SHALL EXTEND FROM THE FIRST STRING CASING SHOE TO AT LEAST 200' ABOVE THE SURFACE CASING SHOE TO PROVIDE FULL ISOLATION OF THE COALMONT FORMATION. FIRST STRING CEMENT COVERAGE VERIFICATION BY CBL IS REQUIRED. (3) The operator shall monitor the production casing pressure and the bradenhead pressure of offset well HEBRON 1-18H (057-06501). The operator shall install pressure gauges on the HEBRON 1-18H well at least 24 hours prior to the operator initiating a treatment on the proposed well. The operator shall monitor the gauges at least once during every 24-hour period until 24 hours after the treatment is completed and shall continue to do so until the pressure stabilizes with allowance for a ten percent daily fluctuation. The pressure gauges shall be capable of monitoring current pressure and also capable of recording the maximum pressure encountered in a 24 hour period. Such gauges shall be reset between each 24 hour period. The pressures shall be recorded and saved for a period of one year. Alternate electronic measurement may be used to record the prescribed pressures.

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
2107129	WASTE MANAGEMENT PLAN
2167905	SURFACE AGRMT/SURETY
400596809	FORM 2 SUBMITTED
400627348	OffsetWellEvaluations Data
400627352	DIRECTIONAL DATA
400627400	DEVIATED DRILLING PLAN
400627402	LEGAL/LEASE DESCRIPTION
400627411	DRILLING PLAN
400627413	WELL LOCATION PLAT
400628058	CORRESPONDENCE

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected Field code. Taken off hold.	11/4/2014 7:38:59 AM
Final Review	ON HOLD: Address Field name issue per operator comment.	11/4/2014 7:15:56 AM
Permit	Attached SUA and corrected Right to Construct as per opr. Final review complete.	11/3/2014 8:27:35 AM
Permit	No changes to the 2A request for more information. Putting form on hold.	9/3/2014 10:45:16 AM
Permit	Changed Permitting task back to active pending waste management plan on 2A.	8/25/2014 9:56:39 AM
Permit	Corrected surface and mineral information as per opr. Final review complete.	3/7/2014 8:45:33 AM
Permit	Surface and Minerals don't match the form 2A Opr notified	7/18/2014 3:25:26 PM
Engineer	Evaluated existing offset wells within 1,500' of this proposed wellbore. Both offset wells (Hebron 1-18H, 057-06501 and Hebron 5-18H, 057-06502) meet productive zone and fresh water isolation standards, but additional mitigation is required because of the proximity of this proposed wellbore to Hebron 1-18H (refer to Condition of Approval #3). This proposed wellbore path appears to pass within 150 feet of the wellbore path of offset horizontal well Hebron 1-18H (057-06501). Operator's attached drilling plan states "The proposed well path should not pose any collision or interference concerns with any existing wells along its proposed path." Anticollision reports are also included with the planned directional survey for this proposed well.	6/27/2014 10:16:46 AM
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 101 FEET DEEP. PROPOSED SURFACE CASING OF 1400' WILL NOT PROVIDE FULL COVERAGE OF COALMONT FORMATION, BASED ON OFFSET PIERRE SHALE REPORTED LOG TOPS. CHANGED "SECOND STRING" TO "FIRST STRING" FOR THE 5+1/2" CASING.	6/19/2014 1:55:21 PM
Permit	Passed completeness. 1. Operator has a comment in the submit section regarding how E-Forms system will not allow this field due to character constraints 2. Document number now provided 3. Deviated drilling plan is attached.	6/17/2014 3:21:01 PM
Permit	Return to draft: 1. Field selected as Wildcat but well appears to go through North Park Horizontal Niobrara (60120) 2. Selected as yes, being submitted with an O&G location assessment application, but no related document number is provided 3. Deviated drilling plan not attached.	6/17/2014 1:22:14 PM

Total: 11 comment(s)