

**APPLICATION FOR PERMIT TO:**

**Drill**
     
  Deepen
     
  Re-enter
     
  Recomplete and Operate

|   |                                    |                              |
|---|------------------------------------|------------------------------|
| TYPE OF WELL    OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____             | Refiling <input type="checkbox"/>  | Date Received:<br>06/26/2015 |
| ZONE TYPE    SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input checked="" type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/> | Sidetrack <input type="checkbox"/> |                              |

|  |   |
|--|---|
| Well Name: <u>Callaway</u>                           | Well Number: <u>3-33</u>                    |
| Name of Operator: <u>MUSTANG CREEK OPERATING LLC</u> | COGCC Operator Number: <u>10446</u>         |
| Address: <u>5251 DTC PARKWAY #800</u>                |   |
| City: <u>GREENWOOD VILLAGE</u>                       | State: <u>CO</u> Zip: <u>80111</u>          |
| Contact Name: <u>Stewart Ward</u>                    | Phone: <u>(480)751-7833</u> Fax: <u>( )</u> |
| Email: <u>sward@fifthcreekenergy.com</u>             |   |

**RECLAMATION FINANCIAL ASSURANCE**

Plugging and Abandonment Bond Surety ID: 20130024

**WELL LOCATION INFORMATION**

QtrQtr: NWSE      Sec: 3      Twp: 13S      Rng: 58W      Meridian: 6

Latitude: 38.944970      Longitude: -103.874330

Footage at Surface:      1932      feet      FNL/FSL      1705      feet      FEL/FWL

Field Name: WILDCAT      Field Number: 99999

Ground Elevation: 5733      County: ELBERT

GPS Data:

Date of Measurement: 06/17/2015      PDOP Reading: 1.5      Instrument Operator's Name: Scott Estabrooks

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

\_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_      \_\_\_\_\_  
 Sec:      Twp:      Rng:      Sec:      Twp:      Rng:

**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.)

SE1/4, Sec 3, Twp 13S, Rge 58W 6M

Total Acres in Described Lease: 160 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: 690 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 2570 Feet

Building Unit: 3140 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1694 Feet

Above Ground Utility: 3090 Feet

Railroad: 5280 Feet

Property Line: 690 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: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary \_\_\_\_\_ 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CHEROKEE               | CHRK           |                         |                               |                                      |
| GILMORE CITY           | GLMC           |                         |                               |                                      |
| MARMATON               | MRTN           |                         |                               |                                      |

**DRILLING PROGRAM**

Proposed Total Measured Depth: 10050 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 5280 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S 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:   ONSITE        Drilling Fluids Disposal Methods:   Evaporation  

Cuttings Disposal:   ONSITE        Cuttings Disposal Method:   Drilling pit  

Other Disposal Description:

Beneficial reuse or land application plan submitted?                   

Reuse Facility ID:                         or Document Number:                   

### CASING PROGRAM

| <u>Casing Type</u> | <u>Size of Hole</u> | <u>Size of Casing</u> | <u>Wt/Ft</u> | <u>Csg/Liner Top</u> | <u>Setting Depth</u> | <u>Sacks Cmt</u> | <u>Cmt Btm</u> | <u>Cmt Top</u> |
|--------------------|---------------------|-----------------------|--------------|----------------------|----------------------|------------------|----------------|----------------|
| CONDUCTOR          | 20                  | 16                    | CMP          | 0                    | 120                  | 165              | 120            | 0              |
| SURF               | 13+3/4              | 9+5/8                 | 36           | 0                    | 1400                 | 820              | 1400           | 0              |
| 1ST                | 8+3/4               | 5+1/2                 | 17           | 0                    | 10050                | 1450             | 10050          |                |

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 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: Stewart Ward \_\_\_\_\_

Title: Drilling Manager Date: 6/26/2015 Email: sward@fifthcreekenergy.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: 7/31/2015

Expiration Date: 07/30/2017

### API NUMBER

05 039 06680 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

- 1) Provide 48 hour notice prior to spud via electronic Form 42.
- 2) Provide cement coverage to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) If dry hole, set 40 sk cement 50' above Mississippian, set 40 sk cement 50' above Pennsylvanian, 40 sk cement 50' above JSand, 40 sk cement 50' above Niobrara, 40 sks cement across any DST w/ show, 50 sks cement from 50' below to 50' above surface casing shoe, 50 sx at 700', 15 sks cement top of surface casing, cut 4' below GL, weld on plate, or set dry hole marker, 5 sks cement in rat hole & 5 sks cement in mouse hole.

## Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u>            | <u>Description</u>  |
|-----------|--------------------------------|---|
| 1         | Drilling/Completion Operations | 317.p. Open-hole resistivity and gamma logs will be run from TD into the surface casing. A Cement Bond Log with gamma-ray will be run on production casing, or on intermediate casing if a production liner is run. The Form 5, Completion Report, will list all logs and have those logs attached. |

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>          |
|--------------------|----------------------|
| 901273             | SURFACE AGRMT/SURETY |
| 901283             | OTHER                |
| 400859766          | FORM 2 SUBMITTED     |
| 400859786          | WELL LOCATION PLAT   |

Total Attach: 4 Files

### General Comments

| <u>User Group</u> | <u>Comment</u>  | <u>Comment Date</u>      |
|-------------------|---|--------------------------|
| Permit            | Final Review Completed. No LGD or public comment received.  | 7/31/2015<br>3:54:02 PM  |
| Permit            | Attached MOU document (901283) per operator request.  | 7/29/2015<br>11:31:48 AM |
| Permit            | Operator submitted SUA, which is now attached to this Form 2. Per operator, "Please note that under sec. 4 of the SUA the landowner has granted permission to bury cuttings."<br><br>Changed right to construct to O&G lease and removed surface surety information.  | 7/10/2015<br>11:49:30 AM |
| Permit            | Passed completeness.  | 7/1/2015 8:35:15<br>AM   |
| Permit            | Made the following changes, per operator request:<br>1) Surface owner has signed the O&G lease; checkbox checked. Per operator: "The right to construct is actually in the O&G lease but we are getting an SUA. Right now, until the SUA is in place we are applying under bond. They have signed the O&G Lease."<br>2) Input "690" for distance to nearest lease line. | 7/1/2015 7:34:07<br>AM   |
| Permit            | 1) Should right to construct be lease, and should "signed the O&G lease" be checked?<br>2) Distance to nearest lease line is blank.   | 6/30/2015<br>11:57:46 AM |

Total: 6 comment(s)