

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received: 07/12/2015

TYPE OF WELL OIL GAS COALBED OTHER Lateral #1

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: Morales 34-6-6U Well Number: 1

Name of Operator: CATAMOUNT ENERGY PARTNERS LLC COGCC Operator Number: 10464

Address: 1801 BROADWAY #1000

City: DENVER State: CO Zip: 80202

Contact Name: Nolan Redmond Phone: (720)484-2344 Fax: (720)484-2363

Email: nredmond@catamountep.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20130096

WELL LOCATION INFORMATION

QtrQtr: Lot 2 Sec: 6 Twp: 34N Rng: 6W Meridian: M

Latitude: 37.214430 Longitude: -107.538680

Footage at Surface: 7 feet FNL/FSL 1804 feet FEL/FWL

Field Name: IGNACIO BLANCO Field Number: 38300

Ground Elevation: 6952 County: LA PLATA

GPS Data:
Date of Measurement: 12/04/2014 PDOP Reading: 2.2 Instrument Operator's Name: Kenny Rea

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

226 FNL 1950 FEL 660 FSL 1954 FEL

Sec: 7U Twp: 34N Rng: 6W Sec: 7U Twp: 34N Rng: 6W

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: Surface Use Agreement

Surface damage assurance if no agreement is in place: Blanket Surface Surety ID: 20130097

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.)

N/2NE/4, SE/4NE/4, W/2SE/4 S7U T34N R6W

Total Acres in Described Lease: 200 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: 1002 Feet

Building Unit: 1002 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 610 Feet

Above Ground Utility: 628 Feet

Railroad: 5280 Feet

Property Line: 574 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 1760 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

Spacing Unit is a combination of Section 7U-T34N-R6W and the shortened section 6U-T34N-6W.

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	112-215	363	E/2

DRILLING PROGRAM

Proposed Total Measured Depth: 7301 Feet

Distance from proposed wellbore to nearest existing or permitted wellbore belonging to another operator:

1760 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? Yes

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: OFFSITE 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	425	260	425	0
1ST	8+3/4	7	26	0	2804	290	2804	0
1ST LINER	6+1/8	2+7/8	6.5	2725	7295			

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 Surface is located in an irregular section. Ongoing negotiations are occurring for a SUA.

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

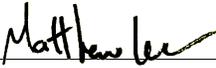
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Nolan Redmond

Title: Geo/Eng Tech Date: 7/12/2015 Email: nredmond@catamountep.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: 2/8/2016

Expiration Date: 02/07/2018

API NUMBER
05 067 09972 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

	<p>1) Provide 48 hrs Notice of Spud via COGCC eform 42</p> <p>2) Sample and test two closest water wells within a 1/4 mile of that portion of the wellbore pathway that cuts through the Fruitland Coal (Horizontal dimension – Top to bottom of pay) (Rule 608) (see Policy-Ignacio Blanco Field – Notice to Operators 7/10/2009 and revised on 2/17/2011).</p> <p>3) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales (Rule 608)</p> <p>4) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss & receive approval within 24 hrs of occurrence from COGCC Regional Engineer – Mark Weems</p> <p>970-259-4587 off 970-749-0624 cell mark.weems@state.co.us</p>
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Best Management Practices

No BMP/COA Type

Description

1	Wildlife	Catamount will avoid drilling operations from Dec. 1st - April 15th to minimize disturbance to wildlife, assuming current rig availability does not change.
2	Drilling/Completion Operations	A closed loop system will be used during drilling operations so a pit will be unnecessary
3	Drilling/Completion Operations	Drilling mud or brine will be contained in above ground steel tanks. Drill cuttings and solids that have been separated from the drilling fluid by the shale shakers, mud cleaner or centrifuge will be captured in above ground portable steel cuttings bins and hauled to a 3rd party disposal site that is permitted as required by applicable State and Federal rules and regulations. Excess drilling fluid will be stored in above ground portable steel tanks and will be transferred to the active circulating system as needed. At the completion of drilling activity remaining drilling fluid will be used on another well or disposed of as allowed by Local, State and Federal law. The well pad will have a secondary containment berm to prevent spills, releases, and pollution. The berm will be capable of containing 110% of the fluids stored on location
4	Final Reclamation	Equipment will be painted with dull, non reflective paint slightly darker than the surrounding landscape. Noxious weeds will be controlled onsite by herbicide application based on recommendations from the La Plata County weed control technician and will be applied by a professional.

Total: 4 comment(s)

Applicable Policies and Notices to Operators

Policy
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
901349	SURFACE AGRMT/SURETY
1857627	SELECTED ITEMS REPORT
400866256	FORM 2 SUBMITTED
400866704	OffsetWellEvaluations Data
400866705	DIRECTIONAL DATA
400866706	DEVIATED DRILLING PLAN
400866707	WELLBORE DIAGRAM
400866708	P&A ASSESSMENT
400866709	OTHER
400866717	WELL LOCATION PLAT

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	2/3/2016 11:26:02 AM
Permit	Per operator, the distance to the property line should be 574'	12/4/2015 11:45:38 AM
Permit	Operator submitted SUA, which has been attached to this Form. Right to construct changed to SUA.	11/5/2015 7:55:38 AM
Engineer	The operator has provided an approved P&A Assessment for the offset well Spring Creek #4-7 API #067-05554. This well was only drilled to a depth of 250 feet and will not be a concern for a collision with this well.	3/3/2015 6:22:34 PM
Engineer	This APD pertains just to the Coal Bed Methane (CBM) upper lateral portion of the well. Both the surface and production casings were previously assessed and approved in the constant angle (straight line) pilot well and have been carried forward with this permit for reference purposes. Initial drilling on all laterals will commence at a depth near the bottom end of the production casing depicted in the pilot well (API ex "00"). The casing in this lateral will be a slotted liner and will not be cemented in place. These laterals will be completed naturally and will not be fracture stimulated. The Statewide HZ Offset Well Policy does not apply to horizontal wells not being fracture stimulated in the pay zone.	3/3/2015 6:17:05 PM
Permit	Per operator, spacing unit for this location should be 112-215. Change has been made to form. Form placed on hold. Per operator, "2A is awaiting finalization."	3/3/2015 4:18:51 PM
Permit	2A for this location has not yet been submitted.	8/3/2015 11:28:05 AM
Permit	1) Spacing unit for this location should be 112-215, not 112-214.	8/3/2015 11:21:09 AM
Permit	This permit is for the 1st lateral of a pilot/lateral drilling plan and this permit should have a sidetrack designation (-01) in the API number.	8/3/2015 10:42:03 AM
Permit	1) Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease is blank. Confirmed via telephone conversation with operator that this should be "0" and change has now been input into this form. 2) Proposed TD corrected from 7300' to 7301'. Passed completeness.	7/13/2015 3:24:19 PM

Total: 10 comment(s)