



**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.)

Sec. 36, T7S-R95W: Lots 6, 7, 8, 9, 10, 11. The distance from completed portion of wellbore to nearest lease line was measured to the north line of Lot 6.

Total Acres in Described Lease: 240 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: 613 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 4211 Feet  
 Building Unit: 5280 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 2520 Feet  
 Public Road: 2396 Feet  
 Above Ground Utility: 4201 Feet  
 Railroad: 5280 Feet  
 Property Line: 1168 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: 358 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1956 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

**SPACING & FORMATIONS COMMENTS**

Sec. 36, T7S-R95W

**OBJECTIVE FORMATIONS**

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| WILLIAMS FORK          | WMFK           | 139-53                  | 640                           | All - Sec. 36                        |

**DRILLING PROGRAM**

Proposed Total Measured Depth: 10162 Feet

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

3600 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 H<sub>2</sub>S 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: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Waste Management Plan attached to Form 2A.

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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR   | 30           | 20             | 52.8# | 0             | 60            | 131       | 60      | 0       |
| SURF        | 14+3/4       | 9+5/8          | 36#   | 0             | 2500          | 623       | 2500    | 0       |
| 1ST         | 8+3/4        | 4+1/2          | 11.6# | 0             | 10162         | 936       | 10162   | 5587    |

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: 324300

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: Reed Haddock

Title: Sr. Regulatory Specialist Date: 2/2/2016 Email: rhaddock@caerusoilandgas.co

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: 4/4/2016

Expiration Date: 04/03/2018

|                   |
|-------------------|
| <b>API NUMBER</b> |
| 05 045 10668 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.

| <u>COA Type</u> | <u>Description</u>  |
|-----------------|---|
|                 | Approval of this refill APD does not provide relief from compliance with the COGCC Reclamation Rules.   |
|                 | <p>1)Operator shall comply with the most current revision of the Northwest Colorado Notification Policy. See attached notice.</p> <p>2)Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: all field notice requirements specified in this notice to operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see condition of approval #1). See attached notice.</p> <p>3)Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.</p> <p>4)In lieu of the standard Form 42 spud notice required by the Northwest Notification Policy, submit Form 42 Rulison SAP - Spud Notice, specifying the bottom hole location sector and tier.</p> <p>5)Operator shall comply with all provisions of the most recent COGCC-approved revision of the Rulison Sampling and Analysis Plan.</p> <p>6)Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spudding this well. DNR_Rulison.Submittal@state.co.us</p> |

## Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u>            | <u>Description</u>  |
|-----------|--------------------------------|---|
| 1         | Planning                       | In compliance with Rule 317.p the first well that is operationally feasible on the Battlement Mesa 36G-795 pad will be logged with an open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. All wells on the pad will have a Cement Bond Log with cased-hole Gamma Ray run on the production casing. The Form 5 Completion Report will list all the logs run in the subject well and identify the well that was logged with the open-hole Resistivity Log. |
| 2         | Drilling/Completion Operations | Caerus Operating LLC will adhere to the COGCC Policy for Bradenhead Monitoring effective May 29, 2012.  |

Total: 2 comment(s)

## Applicable Policies and Notices to Operators

|  |
|--|
| Policy   |
| Piceance Rulison Field - Notice to Operators.<br><a href="http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf">http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf</a>         |
| NW Colorado Notification Policy.<br><a href="http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf">http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf</a>            |
| Notice Concerning Operating Requirements for Wildlife Protection.<br><a href="http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf">http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</a> |

## Attachment Check List

| <b>Att Doc Num</b> | <b>Name</b>            |
|--------------------|------------------------|
| 2168080            | DOE APPROVAL LETTER    |
| 400953578          | FORM 2 SUBMITTED       |
| 400978222          | DEVIATED DRILLING PLAN |
| 400978223          | DIRECTIONAL DATA       |
| 400981313          | WELL LOCATION PLAT     |
| 400981314          | TOPO MAP               |

Total Attach: 6 Files

### General Comments

| <b>User Group</b> | <b>Comment</b>  | <b>Comment Date</b>      |
|-------------------|---|--------------------------|
| Permit            | Final review complete.  | 3/30/2016<br>10:40:17 AM |
| Permit            | In order to clean up an old Noble API, Caerus agreed to use this API number (045-10668), and convert this APD to a refile.<br>Changed refile question from no to yes and added API number.  | 3/16/2016<br>11:12:54 AM |
| Permit            | Received and attached DOE approval letter. They take note of the proximity to the ½ mile radius, however they do not request any further review or information, and have no objection. They do request COGCC to include language in the permit for the applicant to accommodate DOE sampling.   | 3/8/2016 2:27:42<br>PM   |
| Permit            | Information sent to DOE as per requirements.<br>Removed Lots 15 & 16 from lease description as per operator.<br>Ready to pass pending OGLA & DOE approvals.   | 2/17/2016<br>3:33:35 PM  |
| LGD               | Pass, KHW   | 2/17/2016<br>12:48:08 PM |
| Engineer          | Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 98 feet.<br>Existing offset wells target the Mesa Verde formation. No mitigation required.<br>Emailed operator regarding distance to wellbore belonging to another operator.<br>Changed distance to 3600'. | 2/8/2016 3:04:41<br>PM   |
| Permit            | Passed completeness.  | 2/3/2016 3:13:50<br>PM   |

Total: 7 comment(s)