

**APPLICATION FOR PERMIT TO:**

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

TYPE OF WELL    OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ ZONE TYPE       SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input checked="" type="checkbox"/> COMMINGLE ZONES <input checked="" type="checkbox"/>	Refiling <input checked="" type="checkbox"/> Sidetrack <input type="checkbox"/>
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Date Received: 07/14/2016

Well Name: FEDERAL      Well Number: BCU 442-36-199

Name of Operator: TEP ROCKY MOUNTAIN LLC      COGCC Operator Number: 96850

Address: PO BOX 370  
 City: PARACHUTE      State: CO      Zip: 81635

Contact Name: VICKI SCHOEBER      Phone: (970)263-2721      Fax: (    )  
 Email: VSCHOEBER@TERRAEP.COM

**RECLAMATION FINANCIAL ASSURANCE**  
 Plugging and Abandonment Bond Surety ID: \_\_\_\_\_

**WELL LOCATION INFORMATION**

QtrQtr: LOT 12      Sec: 36      Twp: 1N      Rng: 99W      Meridian: 6  
 Latitude: 40.015216      Longitude: -108.447395

Footage at Surface: <u>1464</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>1102</u> Feet	<u>FNL</u>	<u>FEL</u>

Field Name: SULPHUR CREEK      Field Number: 80090  
 Ground Elevation: 6869      County: RIO BLANCO

GPS Data:  
 Date of Measurement: 09/15/2011    PDOP Reading: 2.4    Instrument Operator's Name: J. KIRKPATRICK

If well is  Directional     Horizontal (highly deviated)    **submit deviated drilling plan.**

Footage at Top of Prod Zone: <u>2113</u> Feet	FNL/FSL	FEL/FWL	Bottom Hole: <u>2113</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>659</u> Feet	<u>FNL</u>	<u>FEL</u>	<u>FNL</u> <u>659</u> Feet	<u>FNL</u>	<u>FEL</u>

Sec: 36    Twp: 1N    Rng: 99W      Sec: 36    Twp: 1N    Rng: 99W

**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.)

T1N R99W

SEC. 35: LOTS 5 (40.06 NE/4NE/4), 6 (40.04 NW/4NE/4), 7 (39.81 NE/4NW/4), 8 (39.83 NW/4NW/4), 9 (39.86 SW/4NW/4), 10 (39.84 SE/4NW/4), 11 (39.96 SW/4NE/4), 12 (39.98 SE/4NE/4), 13 (39.91 NE/4SE/4), 14 (39.85 NW/4SE/4), 15 (39.81 NE/4SW/4), 16 (39.91 NW/4SW/4), 17 (29.48 SW/4SW/4), 18 (29.32 SE/4SW/4), 19 (29.04 SW/4SE/4), 20 (28.77 SE/4SE/4) [ALL]  
 SEC. 36: LOTS 5 (40.22 NE/4NE/4), 6 (40.23 NW/4NE/4), 7 (40.11 NE/4NW/4), 8 (40.09 NW/4NW/4), 9 (40.12 SW/4NW/4), 10 (40.14 SE/4NW/4), 11 (40.19 SW/4NE/4), LOT 12 (40.18, SE/4NE/4) [N/2NE/4]

Total Acres in Described Lease: 916 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC60846

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 525 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 5280 Feet  
 Building Unit: 5280 Feet  
 High Occupancy Building Unit: 5280 Feet  
 Designated Outside Activity Area: 5280 Feet  
 Public Road: 1453 Feet  
 Above Ground Utility: 5280 Feet  
 Railroad: 5280 Feet  
 Property Line: 5280 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: 645 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 2809 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): BARCUS CREEK Unit Number: COC70700X

**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.)
ILES	ILES			
WILLIAMS FORK	WMFK			

## DRILLING PROGRAM

Proposed Total Measured Depth: 10248 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: 3563 Feet  No well belonging to another operator within 1,500 feet

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: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Spent drilling fluids are treated with a de-watering unit. Separated mud solids are disposed with the drill cuttings at a well pad location, or at an approved disposal trench. Separated water is re-used for drilling, or disposed at a permitted inj. well.

Beneficial reuse or land application plan submitted? No

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	18	48	0	80	30	80	0
SURF	14+3/4	9+5/8	36	0	3150	1263	3150	0
1ST	8+3/4	4+1/2	11.6	0	10248	986	10248	6041

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 permit refile is to allow for changes in the TEP Rocky Mountain LLC drilling schedule. No changes have been made to the surface hole location, bottomhole location or lease description since the original permit was issued.  
The BDU #1-1-199 well was used for the distance from proposed wellbore to nearest existing/permitted wellbore belonging to another operator.

This application is in a Comprehensive Drilling Plan No CDP #: \_\_\_\_\_

Location ID: 430488

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: \_\_\_\_\_ Print Name: VICKI SCHOEBER

Title: Regulatory Specialist Date: 7/14/2016 Email: VSCHOEBER@TERRAEP.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: 9/9/2016

Expiration Date: 09/08/2018

**API NUMBER**

05 103 11947 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**

	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016).
	1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice. 2) 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.

## Best Management Practices

No	BMP/COA Type	Description
1	Planning	<p>Share/consolidate corridors for pipeline ROWs to the maximum extent possible. Maximize the utility of surface facilities by developing multiple wells from a single pad (directional drilling), and by co-locating multipurpose facilities (for example, well pads and compressors) to avoid unnecessary habitat fragmentation and disturbance of additional geographic areas.</p> <p>Minimize newly planned activities and operations within 300 feet of the ordinary high water mark of any reservoir, lake, wetland, or natural perennial or seasonally flowing stream or river.</p> <p>Locate roads outside of drainages where possible and outside of riparian habitat. Avoid constructing any road segment in the channel of an intermittent or perennial stream</p> <p>Avoid new surface disturbance and placing new facilities in key wildlife habitats in consultation with CDOW.</p> <p>Use existing roads where possible</p> <p>Combine utility infrastructure (gas, electric, and water) planning with roadway planning to avoid separate utility corridors</p> <p>Combine and share roads to minimize habitat fragmentation</p> <p>Where possible, consolidate pipeline and existing roadways, or roadways that are planned for development</p> <p>Place roads to avoid obstructions to migratory routes for wildlife, and to avoid displacement of wildlife from public to private lands.</p> <p>Design roads with visual and auditory buffers or screens (e.g., topographic barriers, vegetation, and distance).</p> <p>Maximize the use of directional drilling to minimize habitat loss/fragmentation</p> <p>Maximize use of remote telemetry for well monitoring to minimize traffic</p> <p>Restrict oil and gas activities as practical during critical seasonal periods</p>
2	Construction	<p>Structures for perennial or intermittent stream channel crossings should be constructed using appropriately sized bridges or culverts</p> <p>Design road crossings of streams to allow fish passage at all flows and to minimize the generation of sediment.</p> <p>Design road crossings of streams at right angles to all riparian corridors and streams to minimize the area of disturbance to the extent possible.</p>
3	Drilling/Completion Operations	<p>Install and maintain adequate measures to exclude all types of wildlife (e.g., big game, birds, and small rodents) from all fluid pits (e.g., fencing, netting, and other appropriate exclusion measures).</p>
4	Drilling/Completion Operations	<p>* TEP will run triple-combo open hole logs from well TD up to base of surface casing on one of the first wells drilled on a multi-well pad. Remaining wells on the pad will be logged with either cased hole pulsed neutron or triple-combo open hole. Every well will also have a CBL log from well TD up through well surface. Form 5 Completion Reports will identify wells on the pad with triple-combo open hole logs.</p>

5	Interim Reclamation	<p>Remove well pad and road surface materials that are incompatible with post-production land use and re-vegetation requirements</p> <p>Use only certified weed-free native seed in seed mixes, except for non-native plants that benefit wildlife</p> <p>TEP will use certified, weed free grass hay, straw, hay or other mulch materials used for the reseeding and reclamation of disturbed areas.</p> <p>Install exclusionary devices to prevent bird and other wildlife access to equipment stacks, vents and openings.</p> <p>Reduce visits to well-sites through remote monitoring (i.e. SCADA) and the use of multi-function contractors.</p> <p>Avoid dust suppression activities within 300 feet of the ordinary high water mark of any reservoir, lake, wetland, or natural perennial or seasonally flowing stream or river where possible.</p>
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Total: 5 comment(s)

**Applicable Policies and Notices to Operators**

Policy
NW Colorado Notification Policy. <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. <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><u>Att Doc Num</u></b>	<b><u>Name</u></b>
401078198	FORM 2 SUBMITTED

Total Attach: 1 Files

**General Comments**

<b><u>User Group</u></b>	<b><u>Comment</u></b>	<b><u>Comment Date</u></b>
Permit	Drilling waste management plan has not changed since approval of original form 2 and 2A. Corrected distance to lease line from 516' to 525' as per well location plat and original form 2. Notified operator. Review complete. Ready for Final Approval.	3/8/2016 2:31:25 PM
Engineer	Offset Well Evaluation: There are no existing offset oil and gas wells within 1,500 feet of this wellbore. Offset water well check: There are no permitted water wells within one mile of this proposed surface hole location.	7/27/2016 12:57:41 PM
Permit	Passed completeness.	7/19/2016 3:30:12 PM

Total: 3 comment(s)