

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.)

1S-65W-3 ALL

Total Acres in Described Lease: 606 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: 470 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 993 Feet
 Building Unit: 993 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 584 Feet
 Above Ground Utility: 1186 Feet
 Railroad: 5280 Feet
 Property Line: 600 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: 09/09/2016

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: 330 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 470 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

W2 S3 T1S R65W

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		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 11692 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: 330 Feet No well belonging to another operator within 1,500 feet

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 318A

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? 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	26	16	42	0	80	100	80	0
SURF	13+1/2	9+5/8	36	0	1500	479	1500	0
1ST	8+3/4	5+1/2	17	0	11692	1900	11692	

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: Nearest offset well belonging to another operator was calculated to the RMPCO-UPRR-PENROD 1 (ORM Exploration Inc.), well status PA. Nearest well completed in the same formation is a pad well, Judy 34-33-7. Rule 318A.a, 318A.c exception location (window, twinning) are waived in the SUA on page 2.

This application is in a Comprehensive Drilling Plan No 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: Lauren Walsh

Title: Regulatory Analyst Date: 10/11/2016 Email: lwalsh@progressicepcs.net

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: 2/15/2017

Expiration Date: 02/14/2019

API NUMBER

05 123 44207 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>
	This Permit to Drill is approved subject to all the BMPs and COAs on the most recently approved Form 2A and any subsequently approved Form 4 for the Oil and Gas Location. The most recently approved Form 2A and any subsequent Form 4s containing applicable COAs for this location shall be posted onsite during construction, drilling, and completions operations.
	Operator acknowledges the proximity of the listed non-operated wells. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 3). Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 05-123-12937, JORDAN 34-9 05-001-08179, RMPCO-UPRR-PENROD 1
	Operator acknowledges the proximity of the non-operated listed wells. Operator agrees to: provide mitigation option 1 or 2 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 05-123-12567, Jordan #34-3 05-123-12670, Jordan 34-5
	Bradenhead tests shall be performed according to the following schedule and the Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release and prior to stimulation and 2) If a delayed completion, 6 months after rig release and prior to stimulation. 3) Within 30 days after first production, as reported on Form 5A.
	1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Planning	<p>Rule 604.c(2)M. Fencing: A meeting with the surface owner will determine a fencing plan.</p> <p>Rule 804. Visual Impacts: All long term facility structures will be painted a color that enables the facilities to blend in with the natural background color of the landscape, as seen from a viewing distance and location typically used by the public. Maintain appearance with garbage clean-up; a trash bin will be located on site to accumulate waste by the personnel drilling the wells. Site will have unused equipment, trash and junk removed immediately.</p> <p>Rule 604.c.(2)N. Control of fire hazards: All material that is considered a fire hazard shall be a minimum of 25' from the wellhead tanks or separators. Electrical equipment shall comply with API IRP 500 and will comply with the current national electrical code.</p>

2	Traffic control	<p>604.c.(2)S. Access Roads: The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times. Traffic will be routed to minimize local interruption. Dust control measures will also be utilized.</p> <p>604.c.(2)D: If required by the local government, a traffic plan shall be coordinated with the local jurisdiction prior to commencement of move in and rig up. Any subsequent modification to the traffic plan must be coordinated with the local jurisdiction.</p>
3	General Housekeeping	<p>Rule 604.c.(2)P. Trash Removal: All trash, debris and material not intrinsic to the operation of the oil and gas facility shall be removed and legally disposed of as applicable.</p>
4	Storm Water/Erosion Control	<p>Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s).</p>
5	Material Handling and Spill Prevention	<p>Rule 604.c.(2)F. Leak Detention Plan: Pumper will visit the location daily and visually inspect all tanks and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to 40 CFR 112.</p> <p>Rule 604.c.(2)R Tank Specifications: Tanks will be designed, constructed and maintained in accordance with NFPA Code 30. The tanks are visually inspected once a day for issues, and recorded inspections are conducted once a month.</p>
6	Construction	<p>Rule 604.c.(2).E. This will be a multi-well pad.</p> <p>Rule 604.c.(3)B. Berm Construction. Tank berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. All berms will be visually checked periodically to ensure proper working condition. Secondary containment devices shall be sufficiently impervious to contain any spilled or released material. Tertiary containment, such as an earthen berm, will be installed around production facilities.</p> <p>Rule 803 Light sources during all phases of operations will be directed downwards and away from occupied structures where possible. Once the drilling and completion rigs leave the site, there will be no permanently installed lighting on site. Lighting shall be mounted at compressor stations on a pole or building and directed downward to illuminate key areas within the facility, while minimizing the amount of light projected outside the facility.</p> <p>Rule 604.c.(2).Q. All guy line anchors left buried for future use shall be identified by a marker of bright color not less than four (4) feet in height and not greater than one (1) foot east of the guy line anchor.</p>
7	Noise mitigation	<p>Rule 604.c.(2)A. Sound walls and/or hay bales will be used where necessary to surround the well site during drilling operations.</p>
8	Emissions mitigation	<p>Rule 604.c.(2)C.i Green Completions - Emission Control System: Test separators and associated flow lines and sand traps shall be installed on-site to accommodate green completions techniques pursuant to COGCC Rules. Edge Energy will have a permanent gas sales line in place prior to starting flowback to handle saleable quantities of gas. Any non-saleable quantities of gas will be thermally oxidized in an emissions control device (ECD). This ECD shall have an adequate capacity for 1.5 times the largest flowback within a 10-mile radius, will be flanged to route gas to other or permanent oxidizing equipment, and shall be provided with the equipment need to maintain combustions where non-combustible gases are present.</p>
9	Odor mitigation	<p>Rule 805: Oil & gas facilities and equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.</p>

10	Drilling/Completion Operations	<p>Alternative Logging Program - Multi-Well Pad: One of the first wells drilled on the pad will be logged with open-hole Resistivity Log and Gamma Ray Log from the kick-off point into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run.</p>
11	Drilling/Completion Operations	<p>Rule 604.c.1: Upon initial rig-up and at least once every thirty (30) days during drilling operations thereafter, pressure testing of the casing string and each component of the blowout prevention equipment including flange connections shall be performed to seventy percent (70%) of working pressure or seventy percent (70%) of the internal yield of casing, whichever is less. Pressure testing shall be conducted and the documented results shall be retained by the operator for inspection by the Director for a period of one (1) year. Activation of the pipe rams for function testing shall be conducted on a daily basis when practicable.</p> <p>Rule 604.c.(2)L. Closed chamber drill stem tests shall be allowed. All other drill stem tests shall require approval by the Director. None planned for this well.</p> <p>Rule 604.c.(2).K. Drilling and Completion- Pit level Indicators shall be used on location. No pit is planned on this location.</p> <p>Rule 604.c.(2).O. Drilling and Completion-All loadlines shall be bullplugged or capped. Braden-head Monitoring: Operator acknowledges and will comply with COGCC Policy for Braden-head Monitoring during Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012.</p> <p>Anti-Collision: Prior to drilling operations, Operator will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed wells. The anti-collision scan may include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed well-path with its respective error of uncertainty. If current surveys do not exist for the offset wells, operators may have gyro surveys conducted to verify bottom-hole location. The proposed well may only be drilled if the anti-collision review results indicate that the risk of collision is sufficiently low as defined by the anticollision plan, with separation factors greater than 1.5, or if the risk of collision has been mitigated through other means including shutting in wells, plugging wells, increased drilling fluid in the event of lost returns or as is appropriate for the specific situation. In the event of an increased risk of collision, that risk will be mitigated to prevent harm to people, the environment or property. For the proposed well, upon conclusion of drilling operations, an as-constructed directional survey will be submitted to the COGCC with the Form 5.</p> <p>Rule 604.c.(2)B.i Operator will be utilizing a closed loop system</p> <p>Blowout preventer equipment ("BOPE"). A double ram and annular preventer will be used during drilling. At least the drilling company shall have a valid well blowout prevention certifications.</p> <p>Rule 604.c.(2)J.ii Backup stabbing valves be required on well servicing operations during reverse circulation. Valves shall be pressure tested before each well servicing operation using both low-pressure air and high-pressure fluid. BOPE for well servicing operations: Adequate BOP equipment shall be used. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.</p>

12	Final Reclamation	<p>Rule 604.c.(2)T. Within 90 days subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site. Identification of plugged and abandoned wells will be identified pursuant to 319.a.(5)</p> <p>604.c.(2).U. Final Reclamation-The operator shall identify the location of the wellbore with a permanent monument as specified in Rule 319.a.(5). The operator shall also inscribe or imbed the well number and date of plugging upon the permanent monument.</p>
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Total: 12 comment(s)

Applicable Policies and Notices to Operators

Policy
<p>Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf</p>
<p>Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area. http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf</p>

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401100435	FORM 2 SUBMITTED
401100449	WELL LOCATION PLAT
401100481	OffsetWellEvaluations Data
401101229	SURFACE AGRMT/SURETY
401126093	EXCEPTION LOC REQUEST
401126108	PROPOSED SPACING UNIT
401126109	DEVIATED DRILLING PLAN
401126110	DIRECTIONAL DATA
401212011	OFFSET WELL EVALUATION

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	02/13/2017
Permit	Surface Use Agreement has waivers for Rule 318A.a & 318A.c. See page 2. Permitting Review Complete.	02/10/2017
Permit	Open Hole Logging BMP submitted by operator.	02/10/2017
Engineer	Waiting on response to email listing COAs for offset wells that require mitigation.	12/09/2016
Permit	Passed completeness.	10/20/2016

Total: 5 comment(s)