

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 _____ ZONE TYPE SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Refiling <input checked="" type="checkbox"/> Sidetrack <input type="checkbox"/>
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Date Received:
09/29/2016

Well Name: Montague JH Well Number: 5

Name of Operator: SCHNEIDER ENERGY SERVICES INC COGCC Operator Number: 76840

Address: P O BOX 889

City: FORT MORGAN State: CO Zip: 80701

Contact Name: Fabrianna Venaducci Phone: (303)279-0789 Fax: ()

Email: fabrianna@jameskaro.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20100013

WELL LOCATION INFORMATION

QtrQtr: NESE Sec: 12 Twp: 9N Rng: 54W Meridian: 6

Latitude: 40.765460 Longitude: -103.345650

Footage at Surface: 1685 Feet FNL/FSL FSL 308 Feet FEL/FWL FEL

Field Name: CEDAR CREEK Field Number: 10400

Ground Elevation: 4195 County: LOGAN

GPS Data:
Date of Measurement: 06/07/2016 PDOP Reading: 1.3 Instrument Operator's Name: Darren Veal

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.)

E2SE, Sec 12, Twn 9N, Rng 54W, 6th PM

Total Acres in Described Lease: 80 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: 308 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 4050 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5064 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 308 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: 2500 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 308 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

308' is the distance to the nearest drilling and spacing unit to the east.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
D SAND	DSND	43-1	40	NESE
J SAND	JSND			

DRILLING PROGRAM

Proposed Total Measured Depth: 5148 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: 1458 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 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: _____ Drilling Fluids Disposal Methods: _____

Cuttings Disposal: _____ Cuttings Disposal Method: _____

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
SURF	9	8+5/8	22.7	0	132	100	132	0
1ST	7+7/8	5+1/2	15.5	0	5148	120	5148	4730

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 318.a

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 API 05-075-06570. Well was originally permitted at 330 FEL. Well location plat shows the as-built location to be 308 FEL. Surface location will not be moved. Exception Location Request and Waiver are attached. The subject permit is for a wash down to test well. A wash down rig will be used. Existing surface casing is in place, set to 132' with 100 sacks. Based on test results, Operator will file amended/additional forms to produce or plug, as required by COGCC rules.

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

Location ID: 388591

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: Fabrianna Venaducci

Title: Contract Landman Date: 9/29/2016 Email: fabrianna@jameskaro.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: 4/17/2017

Expiration Date: 04/16/2019

API NUMBER

05 075 06570 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 of MIRU via electronic Form 42.
- 2) Cement production casing from TD to a minimum of 200' above D-Sand. Verify with cement bond log.
- 3) Provide stage cement from 1000' to 50' above surface casing shoe. Verify with cement bond log. Stage cement must be completed prior to producing and within 60 days of setting production casing, whichever occurs first.
- 4) If well is a dry hole (no casing set), set the following plugs: 80 sks cement from J-Sand top to 100' above D-Sand, 40 sks cement 50' above Niobrara, 40 sks cement at 1000', 50 sks cement from 50' below surface casing shoe to surface, cut 4' below GL, weld on plate or set dry hole marker, 5 sks cement each in rat hole and mouse hole.

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	Open hole induction log was run on this well and has been submitted to COGCC (Doc# 953912 in well file).

Total: 1 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

Att Doc Num	Name
2473084	EXCEPTION LOC REQUEST
401095146	FORM 2 SUBMITTED
401107404	WELL LOCATION PLAT
401117784	WELLBORE DIAGRAM
401119859	EXCEPTION LOC WAIVERS
401127229	SURFACE AGRMT/SURETY

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete. No LGD or public comment received.	04/11/2017
Permit	Operator clarified that the formation targeted for testing is the J Sand. If test results are favorable, only one formation will be completed and produced. Passed initial permitting review.	04/11/2017
Permit	With Operator consent: <ul style="list-style-type: none"> - changed cultural distance to nearest building from 5280' to 4050' to reflect same change on associated Form 2A. - deleted spacing order number, unit acreage and unit config from J Sand formation. No order exists for J Sand at this location; 318.a statewide setbacks are in place. - deleted erroneous Exception Location Request and attached revised Exception Location Request. - added BMP stating open hole log was already run on this well. - Changed Location Exception from Spacing Order 43-1 to Rule 318.a on Exceptions tab to clarify that J-Sand is targeted formation. Exception to Rule 318.a is clarified in attached Exception Location Request. 	04/06/2017
Permit	Status In Process/Pending - corrections made with Operator agreement: <ul style="list-style-type: none"> - revised SHL lat/long to match revised well location plat. - changed right to construct from SUA to lease. - revised distance to nearest well in same formation. + contacted Operator for additional corrections: <ul style="list-style-type: none"> - change Zone Type to Multiple; - change Commingle to Yes; - revise Cultural distance to building to reflect same distance revised on Form 2A; - delete Order 149-1 since this order does not apply to this location; - request revised Exception Location Request to include Rule 318.a. 	03/24/2017
Permit	ON HOLD - Associated Form 2A is on HOLD. Contacted operator via email requesting corrections: <ul style="list-style-type: none"> - Attached Well Location Plat is not compliant: missing SHL lat/long to 5 decimal places, and needs to be a single page, delete pages 2-3 from attached plat. - SHL Lat/Long on Well Location tab does not match lat/long found on page 2 of attached Well Location Plat. - Right to construct should be Oil & Gas Lease. - Missing distance to completed portion of nearest wellbore in same formation. - Missing Drilling Waste Management Program data. - Missing Rule 317.p BMP; (induction log already in well file, but will require CBL). - Need comment stating Resistivity log already in well file. 	11/22/2016
Engineer	Operator did not provide production casing data. Called Steve Grimes and he provided: 7-7/8" Hole, 5.5" Casing, 15.5#, Csg Top=0, Setting Depth=5148', Sacks Cement=120, Cmt Bottom=5148, TOC=4730' (D-Sand minus 200').	11/01/2016
Permit	Passed completeness.	10/11/2016
Permit	Adding note that this had been Returned to Draft on 10/7/2016 for the following: <ul style="list-style-type: none"> * Redact SUA. * Correct Inst. Operator's name on Well Location Tab. * Need Spacing and Unit info. 	10/11/2016

Total: 8 comment(s)