

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 _____ | Refiling <input type="checkbox"/> |
| ZONE TYPE SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input checked="" type="checkbox"/> COMMINGLE ZONES <input checked="" type="checkbox"/> | Sidetrack <input type="checkbox"/> |

Date Received:
03/09/2017

Well Name: Federal GGU Well Number: 24B-28-691

Name of Operator: VANGUARD OPERATING LLC COGCC Operator Number: 10531

Address: 5847 SAN FELIPE #3000

City: HOUSTON State: TX Zip: 77057

Contact Name: Jack Desmond Phone: (720)3591612 Fax: ()

Email: jdesmond@progressivepcs.net

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: _____

WELL LOCATION INFORMATION

QtrQtr: SWSW Sec: 28 Twp: 6S Rng: 91W Meridian: 6

Latitude: 39.494471 Longitude: -107.566489

| | | |
|-------------------------------------|------------|------------|
| Footage at Surface: <u>982</u> Feet | FNL/FSL | FEL/FWL |
| <u>FSL</u> <u>529</u> Feet | <u>FSL</u> | <u>FWL</u> |

Field Name: MAMM CREEK Field Number: 52500

Ground Elevation: 6130 County: GARFIELD

GPS Data:
Date of Measurement: 11/15/2016 PDOP Reading: 1.8 Instrument Operator's Name: J. Kirkpatrick

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

| | | | | | |
|--|------------|------------|------------------------------|------------|------------|
| Footage at Top of Prod Zone: <u>473</u> Feet | FNL/FSL | FEL/FWL | Bottom Hole: <u>473</u> Feet | FNL/FSL | FEL/FWL |
| <u>FSL</u> <u>1998</u> Feet | <u>FSL</u> | <u>FWL</u> | <u>FSL</u> <u>1998</u> Feet | <u>FSL</u> | <u>FWL</u> |

Sec: 28 Twp: 6S Rng: 91W Sec: 28 Twp: 6S Rng: 91w

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.)

W/2 NE/4 & SE/4 NE/4 & W/2 & SE/4 SECTION 28-6S-91W

Total Acres in Described Lease: 600 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC-041048

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 473 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2783 Feet

Building Unit: 2383 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 2929 Feet

Railroad: 5280 Feet

Property Line: 1916 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: 328 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 815 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Gibson Gulch II Unit Number: COC052447X

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 | 191-65 | | |
| WILLIAMS FORK | WMFK | 191-9 | | |

DRILLING PROGRAM

Proposed Total Measured Depth: 7700 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: _____ 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: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: ONSITE Cuttings Disposal Method: Beneficial reuse

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 | 65 | 0 | 80 | 194 | 80 | 0 |
| SURF | 12+1/4 | 9+5/8 | 36 | 0 | 800 | 340 | 800 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7700 | 867 | 7700 | 3000 |

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 The nearest wellbore located in the same formation is Federal GGU 24A-28-691 and Federal GGU 24C-28-691.

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: Jack Desmond

Title: Regulatory Analyst Date: 3/9/2017 Email: jdesmond@progressivepcs.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: 5/25/2017

Expiration Date: 05/24/2019

| |
|-------------------|
| API NUMBER |
| 05 045 23532 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> |
|-----------------|--|
| | If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016). |
| | <p>1) Operator shall comply with the most current revision of the Northwest Notification Policy.</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 that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1).</p> <p>3) Operator shall comply with the most current revision of the Mamm Creek Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1). Operator shall submit the primary cement job Cement Bond Log (CBL) with either the Form 4 Sundry Notice - Request to Complete or the Form 5 Drilling Completion Report.</p> <p>4) Operator shall comply with the Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison fields, Garfield County and Mesa County – Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22, and 369-2 (July 8, 2010).</p> <p>5) Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) to a minimum of 500' above the Lower Wasatch (as defined by COGCC in the report "Casing and Cement Standards for Geologic Isolation Piceance Basin Bradenhead Monitoring Area and Nearby Fields," dated April 18, 2016, COGCC Document No. 2056199, Appendix A Field Scout Cards and Annotated Type Logs) to provide isolation of all Mesaverde Group and underlying formations, if penetrated, the Ohio Creek Formation, and the lower portion of the Wasatch Formation. Verify production casing cement coverage with a cement bond log. This requirement shall supersede the top of cement requirements in the Mamm Creek Field Notice to Operators.</p> |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|---|
| 1 | Drilling/Completion Operations | <p>Rule 317.p Requirement to Log Well: The stratigraphically deepest well on the pad will be logged with 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 gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. 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> |

Total: 1 comment(s)

Applicable Policies and Notices to Operators

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|---|
| Policy |
| Mamm Creek Field Area Notice to Operators. http://cogcc.state.co.us/documents/reg/Policies/Mamm%20Creek%20Drilling.pdf |
| Piceance Rulison Field - Notice to Operators. http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf |
| NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf |
| Bradenhead Pressure Reporting-Garfield County (Mamm Creek & Rulison Fields) Mesa County (Buzzard Field). http://cogcc.state.co.us/documents/reg/Policies/NTO_07082010.pdf |
| 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> |
|--------------------|------------------------|
| 401158870 | FORM 2 SUBMITTED |
| 401211038 | WELL LOCATION PLAT |
| 401211039 | DEVIATED DRILLING PLAN |
| 401211040 | DIRECTIONAL DATA |

Total Attach: 4 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit | Removed comment from Spacing & Formations section with operator approval. Removed unit configuration from spacing order. Order changes the setback from 600' to 100' and doesn't change the federal unit. Operator approves changes. Corrected Logging BMP as per operator. Final review complete. | 05/22/2017 |
| Permit | Removed plugging bond due to Fed/Fed lands and notified operator. Preliminary review complete. Ready to pass pending OGLA review and approval. | 04/10/2017 |
| LGD | Pass, KHW | 03/24/2017 |
| 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 was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 128 feet. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required. | 03/16/2017 |
| Permit | Passed Completeness | 03/14/2017 |
| Permit | Well Location: -changed Ground Elevation from 6129.9' to 6130' | 03/14/2017 |

Total: 6 comment(s)