

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

Date Received:
05/08/2017

Well Name: Daisy Well Number: 31F-332

Name of Operator: PDC ENERGY INC COGCC Operator Number: 69175

Address: 1775 SHERMAN STREET - STE 3000

City: DENVER State: CO Zip: 80203

Contact Name: Venessa Chase Phone: (303)318-6102 Fax: (303)860-5838

Email: venessa.chase@pdce.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20160047

WELL LOCATION INFORMATION

QtrQtr: NWNW Sec: 31 Twp: 5N Rng: 64W Meridian: 6

Latitude: 40.359340 Longitude: -104.600450

Footage at Surface: <u>1281</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>445</u> Feet	<u>FNL</u> <u>445</u> Feet	<u>FWL</u>

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4775 County: WELD

GPS Data:
Date of Measurement: 12/07/2016 PDOP Reading: 1.5 Instrument Operator's Name: Brian Rottinghaus

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

Footage at Top of Prod Zone: <u>1648</u> Feet	FNL/FSL	FEL/FWL	Bottom Hole: <u>1648</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>735</u> Feet	<u>FNL</u> <u>735</u> Feet	<u>FWL</u>	<u>FNL</u> <u>2550</u> Feet	<u>FNL</u> <u>2550</u> Feet	<u>FWL</u>

Sec: 31 Twp: 5N Rng: 64W Sec: 32 Twp: 5N Rng: 64W

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: Surface Use Agreement

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.)

T5N-R64W Sec. 29: NW, S2; Sec. 31: NW, S2 and other lands.

Total Acres in Described Lease: 5660 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1177 Feet
 Building Unit: 1177 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 424 Feet
 Above Ground Utility: 401 Feet
 Railroad: 5280 Feet
 Property Line: 375 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: 130 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 735 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit: T5N-64W Section 31: N2, Section 32: NW, W2NE

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		560	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 14473 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: 128 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: Land application

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

Drill cuttings will be land applied at PDC spread fields with COGCC Facility ID 444255, 159534, or 436033.

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 444255 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	12+1/4	9+5/8	36	0	1600	920	1600	0
1ST	8+1/2	5+1/2	20	0	14473	2035	14473	0

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

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 distance to the completed portion of the nearest well on the "Spacing and Formations" tab was measured to the Schmier B 32-31D and the distance to the nearest wellbore belonging to another operator on the "Drilling & Waste Plans" tab was measured to the Thistle Down B31-17. Both distances were measured via the anti-collision report attached in the deviated drilling plan.

The subject well will have a treated interval less than 150' from the treated interval of the Thistle Down B31-17 (05-123-30694) and the Thistle Down State PC F36-67HN (05-123-35679) owned by Noble. Please see the Rule 317.s Stimulation Setback Consent attached.

PDC requests an exception to rule 317.p.: PDC will run a cased hole log.

This application is in a Comprehensive Drilling Plan _____ 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: Venessa Chase

Title: Permitting Supervisor Date: 5/8/2017 Email: venessa.chase@pdce.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: *Matthew Lee* Director of COGCC Date: 8/20/2017

Expiration Date: 08/19/2019

API NUMBER
05 123 45263 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>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test:</p> <ol style="list-style-type: none"> 1) Within 60 days of rig release and prior to stimulation or 2) If a delayed completion, 6-7 months after rig release and prior to stimulation. 3) Within 30 days after first production, as reported on Form 5A.
	<ol style="list-style-type: none"> 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 48 hour spud notice for all subsequent wells drilled on the pad. 2) Comply with Rule 317.j and provide cement coverage from the end of production casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
	<p>Operator acknowledges the proximity of the listed non-operated well: Operator agrees to: provide mitigation option 3 (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") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of these wells.</p> <p>LYLA F CARPENTER 1 (API NO 123-07253)</p>
	<p>Operator acknowledges the proximity of the following 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") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of these wells.</p> <p>OCOMA B 29-13 (API NO 123-13354)OCOMA UPRR LEASE B29-14 (API NO 123-13393) BLAKE B29-15 (API NO 123-15414)MENONI B30-15 (API NO 123-13424) MENONI B30-16 (API NO 123-13425)CPC BOULTER 31-2 (API NO 123-13328) OCOMA B31-9 (API NO 123-13353)OCOMA UPRR LEASE B31-10 (API NO 123-13394) GEMINI B 31-11 (API NO 123-13712)GEMINI B 31-3 (API NO 123-13720) GEMINI-UPRR B31-6 (API NO 123-13723)SUN SOIL-PM B 31-08 (API NO 123-14052) BOREN 2-32 (API NO 123-14412)MILLER B 32-6 (API NO 123-16858)</p>

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	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 well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Operator may have gyro surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed gyro survey will be submitted to COGCC with the Form 5.
2	Drilling/Completion Operations	Operator will comply with COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area dated May 29, 2012. The Colorado Oil and Gas Conservation Commission (COGCC) has established this Policy Regarding Bradenhead Monitoring During Hydraulic Fracturing Treatments ("Treatment") in the Greater Wattenberg Area ("GWA") pursuant to COGCC 207.a. ("Policy"). This Policy applies to oil and gas operations in the GWA as defined by the COGCC Rules of Practice and Procedure.
3	Drilling/Completion Operations	One of the first wells drilled on the pad will be logged with Cased hole Pulsed Neutron Log with Gamma Ray Log from 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 in that well and have those logs attached. The Form 5 for each well shall clearly state "No open-hole logs were run" and shall reference the Rule 317.p Exception granted for the well.

Total: 3 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
Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area. http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf

Attachment Check List

Att Doc Num	Name
401276799	FORM 2 SUBMITTED
401276824	DIRECTIONAL DATA
401276826	PROPOSED SPACING UNIT
401276827	STIMULATION SETBACK CONSENT
401276828	DEVIATED DRILLING PLAN
401276829	WELL LOCATION PLAT
401276835	EXCEPTION LOC REQUEST
401276836	EXCEPTION LOC WAIVERS
401284717	OPEN HOLE LOGGING EXCEPTION
401381383	OFFSET WELL EVALUATION

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	08/14/2017
Engineer	Offset Wells Evaluated	08/11/2017
Permit	Per operator corrected Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation and updated operator comments. Permitting Review Complete.	08/08/2017
Permit	Operator requested Exception to Open Hole Logging Rule 317.p. See attached. ON HOLD: Requesting correction to Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation.	08/07/2017
Permit	Passed Completeness.	05/25/2017
Permit	Returned to draft for: -Open Hole Logging Exception attachment does not open.	05/16/2017

Total: 6 comment(s)