

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.)

Southeast quarter of Section 11, Township 3 South, Range 51 West, 6th P.M

Total Acres in Described Lease: 160 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: 660 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3630 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 660 Feet

Above Ground Utility: 20 Feet

Railroad: 5280 Feet

Property Line: 660 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: 1750 Feet

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

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

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.)
J SAND	JSND			

DRILLING PROGRAM

Proposed Total Measured Depth: 4097 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? No

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:

No drilling fluid will be used. This well is a recompletion of the Dakota J Sand.

Beneficial reuse or land application plan submitted? _____

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	12+1/4	8+5/8	23	0	123	85	123	0
1ST	7+7/8	5+1/2	14.5	0	4096	125	4096	

☒ 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 INTEND TO RECOMPLETE THE WARD KINCHELOE #1 AS A WATER DISPOSAL WELL. A PACKER WILL BE USED TO ISOLATE THE J SAND, AND PRODUCED FLUIDS FROM THE CONCHO FIELD (ALL OWNED AND OPERATED BY INVESTMENT EQUIPMENT) WILL BE INJECTED.

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

Location ID: 233596

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: James Chisholm

Title: Managing Partner Date: 10/17/2017 Email: investmentequipment@gmail.c

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: 1/6/2018

Expiration Date: 01/05/2020

API NUMBER

05 121 05650 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

	Discussed cement remediation requirement/COA with operator. Their procedure will be modified to include required squeeze. Squeeze job to be reported on Form 5.
	1. Injection is not authorized until approval of Subsequent Forms 31 and 33. 2. PRIOR TO PERFORMING OPERATIONS: Operator is required to contact COGCC to discuss Step Rate Test or Injectivity Test criteria for Maximum Surface Injection Pressure determination. Prior approval of Form 4 is required for step rate and injectivity tests. 3. PRIOR TO PERFORMING OPERATIONS: Approval of Form 4 is required for acid and fracturing jobs. (New as of 4/13/2016). 4. Retrieve water sample(s) from injection zone(s) before stimulating formation. Samples must be analyzed for Total Dissolved Solids at a minimum. 5. For converted Underground Injection Control wells a Cement Bond Log (CBL) is required on the cased portions of the hole from the bottom of the casing to the top of the next shallower casing string for all casing strings other than the Surface Casing. Only a PDF, TIFF, or PDS visual image is required. 6. Operator must provide all tops of formations encountered from surface to TD on Sundry Notice Form 4.
	1. Provide remedial cement from 350' to 50' above surface casing shoe. 2. Run CBL to confirm cement coverage 200' above J-Sand and from 350' to 50' above surface casing shoe.

Best Management Practices

No BMP/COA Type

Description

1	Underground Injection Control	Procedure for recompleting will follow conditions stated with form 31, and rules of the Colorado Oil and Gas Commision. A step rate test will be used in determining maximum fluid volume, and pressure. An MIT will be ran previous to operations.
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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

<u>Att Doc Num</u>	<u>Name</u>
401431814	FORM 2 SUBMITTED
401444706	SURFACE AGRMT/SURETY
401446369	OTHER
401446372	WELLBORE DIAGRAM
401446373	WELLBORE DIAGRAM
401505162	OFFSET WELL EVALUATION

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
UIC	On Location Tab: Changed Type of Well from "OIL" to "N/A" and "Other" added "Injection Well"	12/14/2017
Permit	Final Review Completed. No LGD or public comment received.	12/07/2017
Permit	Removed distance from completed portion of wellbore to nearest unit boundary, as no unit exists.	12/07/2017
Engineer	Existing surface casing is less than water well depths. Depths of 3 deepest water wells within 2 miles: Receipt=0241418, Permit=0038434--A: SESW 2-3S-51W, 195', GS 4570', BHEL 4375' Receipt=9056885, Permit=0017958-F: NESW 3-3S-51W, 178', GS 4600', BHEL 4422' Receipt=9057790, Permit=0082532: SENE 24-3S-51W, 236', GS 4580', BHEL 4344' 4622-4344+50 = 328.	11/27/2017
Permit	Passed Completeness. Correction: added wellbore contact email.	11/01/2017
Permit	Returned to draft for: - submitter is not listed as a "Designated Agent" for the Operator - missing attachment "WELLBORE DIAGRAM" - missing attachment "Recompletion Procedure"	10/31/2017
Permit	Return to Draft: -- "is the mineral owner beneath the location" needs to be checked. -- Redact dollar amount on SUA.	10/26/2017

Total: 7 comment(s)