

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 type="checkbox"/> Sidetrack <input type="checkbox"/>
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Date Received:
06/22/2018

Well Name: Echeverria Well Number: 2L-2H-D267

Name of Operator: CRESTONE PEAK RESOURCES OPERATING LLC COGCC Operator Number: 10633

Address: 1801 CALIFORNIA STREET #2500

City: DENVER State: CO Zip: 80202

Contact Name: Erin Lind Phone: (720)410-8478 Fax: ()

Email: erin.lind@crestonepr.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20160104

WELL LOCATION INFORMATION

QtrQtr: NWNW Sec: 2 Twp: 2N Rng: 67W Meridian: 6

Latitude: 40.172030 Longitude: -104.864577

Footage at Surface: <u>897</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>669</u> Feet	<u>FNL</u>	<u>FWL</u>

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4881 County: WELD

GPS Data:
Date of Measurement: 03/06/2018 PDOP Reading: 1.7 Instrument Operator's Name: Aaron Rivera

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

Footage at Top of Prod Zone: <u>460</u> Feet	FNL/FSL	FEL/FWL	Bottom Hole: <u>460</u> Feet	FNL/FSL	FEL/FWL
<u>FNL</u> <u>2625</u> Feet	<u>FNL</u>	<u>FEL</u>	<u>FSL</u> <u>2600</u> Feet	<u>FSL</u>	<u>FWL</u>

Sec: 2 Twp: 2N Rng: 67W Sec: 2 Twp: 2N Rng: 67W

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.)

N/2NW/4, Section 2, T2N, R67W

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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1064 Feet

Building Unit: 1069 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 889 Feet

Above Ground Utility: 669 Feet

Railroad: 5280 Feet

Property Line: 453 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: 56 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit = Township 2 North, Range 67 West
E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 2

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CODELL	CODL		320	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12566 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: 70 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? Yes

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? _____

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	24	16	42.09	0	98	78	98	0
SURF	13+1/2	9+5/8	40	0	2333	960	2333	0
1ST	8+1/2	5+1/2	20	0	12566	1747	12566	

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 well in same formation per anti-collision is the Crestone operated Echeverria 4-4-2 (API: 05-123-24145 PR Status. As Crestone operates the well, there is no need for a 317s waiver.

Nearest outside-operated well per anti-collision is the Kerr McGee operated Pancost 23-2 (API: 05-123-31323) SI Status. A 317.s letter of consent has been requested and will be submitted when received.

Anti-collision reports are attached at the end of the Deviated Drilling Plans.

A logging exception is being sought for this location based on existing logs in the Echeverria 12-2 (API: 05-123-20211) and Echeverria 11-2 (API: 05-123-19854).

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: Erin Lind

Title: Regulatory Analyst Date: 6/22/2018 Email: erin.lind@crestonepr.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: [Signature] Director of COGCC Date: 11/21/2018

Expiration Date: 11/20/2020

API NUMBER
05 123 48746 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>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.</p> <p>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> <p>3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.</p>
	<p>Operator will submit signed Rule 317.s Stimulation Setback Consents via Sundry Notice, Form 4 prior to stimulation of this well.</p> <p>In the Form 5A comments, operator will (1) certify that this well has no treated interval within 150' of the treated interval of another operator's well for which a signed Stimulation Setback Consent was not obtained, (2) provide the following information for all other operator's offset wells without consent that have a treated interval within 150' of this as-drilled wellbore: well name and API number, depth of the perforation in this well nearest to the treated interval of the offset well, and the distance between the wells at that depth, and (3) address the wells listed below as either (a) obtained consent or (b) treated interval more than 150' away from this as-drilled wellbore.</p> <p>Pancost 23-2 (API: 05-123-31323)</p>
	<p>Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test:</p> <p>1) Within 60 days of rig release and prior to stimulation or</p> <p>2) If a delayed completion, 6 months after rig release and prior to stimulation.</p> <p>3) Within 30 days after first production, as reported on Form 5A.</p> <p>If a Bradenhead test reports a surface casing pressure greater than 200 psig, stimulation is not allowed until the Engineering Supervisor has been consulted.</p>

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	Prior to drilling operations, Crestone 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, the 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 asconstructed gyro survey will be submitted to COGCC with the Form 5.
2	Drilling/Completion Operations	Crestone will comply with the "COGCC Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area", dated May 29, 2012.
3	Drilling/Completion Operations	Rule 317.p Logging Program One of the first wells drilled on the pad will be logged with Cased hole Pulsed Neutron Log with Gamma Ray Log from the kick-off point to 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

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
401640489	FORM 2 SUBMITTED
401670145	OffsetWellEvaluations Data
401670146	DIRECTIONAL DATA
401670147	DEVIATED DRILLING PLAN
401670149	WELL LOCATION PLAT
401675867	OPEN HOLE LOGGING EXCEPTION
401675869	EXCEPTION LOC WAIVERS
401675870	EXCEPTION LOC REQUEST
401751725	PROPOSED SPACING UNIT
401847962	OFFSET WELL EVALUATION

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	11/19/2018
Engineer	Offset Wells Evaluated.	10/16/2018
Permit	Passed Completeness	09/12/2018
Permit	Returned to draft per operator request.	06/26/2018

Total: 4 comment(s)