

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 _____	Refilling <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:
02/21/2019

Well Name: SWEET TEA Well Number: 1-5

Name of Operator: GRAND MESA OPERATING CO COGCC Operator Number: 35080

Address: 1700 N. WATERFRONT PKWY BL 600

City: WICHITA State: KS Zip: 67206

Contact Name: MICHAEL REILLY Phone: (316)265-3000 Fax: (316)265-3455

Email: MREILLY@GMOCKS.COM

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20020080

WELL LOCATION INFORMATION

QtrQtr: NESW Sec: 5 Twp: 11S Rng: 55W Meridian: 6

Latitude: 39.119060 Longitude: -103.582190

Footage at Surface: 2470 Feet FNL/FSL FSL 2220 Feet FEL/FWL FWL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 5349 County: LINCOLN

GPS Data:
Date of Measurement: 02/05/2019 PDOP Reading: 2.3 Instrument Operator's Name: ELIJAH FRANE - FRANE SURVEYING, INC.

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: _____

LOCAL GOVERNMENT INFORMATION

County: LINCOLN Municipality: N/A

Per § 34-60-106 (1)(f)(I)(A), the following questions pertain to the "local government with jurisdiction to approve the siting of the proposed oil and gas location."

The local government with jurisdiction is: County

Does the local government with jurisdiction regulate the siting of Oil and Gas Locations, with respect to this COGCC application? If the local government has waived its right to precede the COGCC in siting determination, indicate by selecting "NO" here and selecting "Waived" below. Yes No

If yes, in checking this box, I hereby certify that an application has been filed with the local government with jurisdiction to approve the siting of the proposed oil and gas location.

The local government siting permit type is: _____

The local government siting permit was filed on: _____

The disposition of the application filed with the local government is: _____

Additional explanation of local process:

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.)

ALL SEC. 5-11S-55W, LINCOLN, COLO.

Total Acres in Described Lease: 640 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: 2220 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2692 Feet
Building Unit: 2692 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 2220 Feet
Above Ground Utility: 2220 Feet
Railroad: 5280 Feet
Property Line: 2220 Feet
School Facility: 5280 Feet
School Property Line: 5280 Feet
Child Care Center: 5280 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, Designated Outside Activity Area, School Facility, and Child Care Center – 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: 5280 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.)
CRETACEOUS	CRTC			
MISSISSIPPIAN	MSSP			
PENNSYLVANIAN	PENN			
PERMIAN	PRMN			
PRECAMBRIAN	PCMB			

DRILLING PROGRAM

Proposed Total Measured Depth: 9000 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: ONSITE Drilling Fluids Disposal Methods: Evaporation

Cuttings Disposal: ONSITE Cuttings Disposal Method: Drilling pit

Other Disposal Description:

Evaporation and burial. We will let fluids evaporate and then test the pit to make sure that the levels fall within the 910-1 COGCC tables before closing the pit.

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	12+1/4	8+5/8	24	0	450	330	450	0
1ST	7+7/8	5+1/2	17	0	9000	400	9000	6300
			Stage Tool		5200	250	5200	3900

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

There are no apparent surface water or riparian areas within the 1000' buffer area. A water well falls Approx. 1749' Northwest of the proposed location. There is a barbed wire fence that exists approx. 289' Southwest of the proposed location.

BMP Plan
Grand Mesa Operating, Co.
1700 N Waterfront Pkwy, Bldg 600
Wichita, KS 67206
P - 316-265-3000 F - 316-265-3455

Certification of Discharge under CDPHE COR-030000

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: MICHAEL REILLY

Title: PRESIDENT Date: 2/21/2019 Email: MREILLY@GMOCKS.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, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved: _____

Director of COGCC

Date: 6/21/2019

Expiration Date: 06/20/2021

API NUMBER

05 073 06768 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

	<p>Bradenhead 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) All: Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.2) Delayed completion: 6 months after rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.
	<ol style="list-style-type: none">1) Provide 48 hour notice prior to spud via electronic Form 42.2) Set at least 450' surface casing (5% of TVD).3) If production casing is set provide cement coverage to at least 200' above the Marmaton minimum, or 200' above any Wolfcamp zone that could be productive and across Cheyenne-Dakota interval (from 50' below Morrison top to 100' above D-Sand top, 4700'-4100'). Run and submit CBL to verify cemented intervals.4) If well is a dry hole set plugs at the following depths: 40 sks cement +/- 50' above the Cherokee, 40 sks cement +/- 50' above the Marmaton, 40 sks cement +/- 50' above the Wolfcamp, 40 sks cement +/- 50' above any DST w/ hydrocarbon show, 40 sks cement 50' below Morrison top (4700'), 40 sks cement 50' above Dakota top (4100'), 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface casing, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Best Management Practices

No	BMP/COA Type	Description
1	Planning	<p>Certification of Discharge under CDPHE COR-030000 Storm water discharges associated with construction permit number (Not yet assigned) Prior to construction, perimeter controls will be installed utilizing cutting from the clearing operations. Once the well pad has been constructed a variety of BMP's shall be utilized for the site specific conditions. BMP's to be utilized may include, but are not limited to:</p> <ul style="list-style-type: none"> -Dirt berms -Erosion control blankets -Straw bale barrier -Straw wattle -Check dams -Culvert/Culvert Protection -Silt Fence -Surface roughening/Surface rip <p>Storm Water Management Plan (SWMP) is on file in Grand Mesa Operating, Co office. Spill Prevention, Control and Countermeasure Plan is on file in Grand Mesa Operating, Co. office.</p>
2	Drilling/Completion Operations	<p>Per Rule 317.p -- For all new drilling operations, the operator shall be required to run a minimum of a resistivity log with gamma-ray or other petrophysical log(s) approved by the Director that adequately describe the stratigraphy of the wellbore. A cement bond log shall be run on all production casing or, in the case of a production liner, the intermediate casing, when these casing strings are run. These logs and all other logs run shall be submitted with the Drilling Completion Report, Form 5. Open-hole logs or equivalent cased-hole logs shall be run at depths that adequately verify the setting depth of surface casing and any aquifer coverage. These requirements shall not apply to unlogged open-hole completion intervals.</p>

Total: 2 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

Attachment Check List

Att Doc Num	Name
1010661	SURFACE USE AGREEMENT
401935222	FORM 2 SUBMITTED
401935248	30 DAY NOTICE LETTER
401935257	WELL LOCATION PLAT

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	COGCC staff conducted its technical review of this Form 2 Application for Permit to Drill (APD) and the associated Form 2A Oil and Gas Location Assessment within the context of SB 19-181 and the required Director Objective Criteria. This APD and the Form 2A did not meet any of the Director Objective Criteria and are compliant with all applicable COGCC rules.	06/20/2019
Engineer	Increased surface casing to 450' (5% of proposed TVD).	04/18/2019
Permit	Passed completeness.	02/26/2019
Permit	Returned to draft - Lat/long on form does not match plat.	02/25/2019
Permit	Returned to draft: The captioned form was submitted on or after the effective date (February 14, 2019) of the school setback rules. The form has been updated to include the school data fields. The new fields must be completed prior to resubmitting. Corrected by operator. The open hole logging BMP must be updated per the guidance published February 19, 2019.	02/22/2019

Total: 5 comment(s)