

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received: 08/11/2020

TYPE OF WELL OIL GAS COALBED OTHER: _____ Refiling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES Sidetrack

Well Name: Anschutz Equus Farms Well Number: 4-62-16-6104C

Name of Operator: HIGHPOINT OPERATING CORPORATION COGCC Operator Number: 10071

Address: 555 17TH ST STE 3700

City: DENVER State: CO Zip: 80202

Contact Name: Erin Ekblad Phone: (303)312-8745 Fax: ()

Email: eekblad@hpres.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20040060

WELL LOCATION INFORMATION

QtrQtr: NESE Sec: 21 Twp: 4N Rng: 62W Meridian: 6

Latitude: 40.296663 Longitude: -104.323595

Footage at Surface: 2400 Feet FNL/FSL FSL 993 Feet FEL/FWL FEL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4581 County: WELD

GPS Data: GPS Quality Value: 1.3 Type of GPS Quality Value: PDOP Date of Measurement: 09/19/2019

Instrument Operator's Name: Nate Welch

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

460 FSL 2045 FWL 400 FNL 2045 FWL

Sec: 16 Twp: 4N Rng: 62W Sec: 16 Twp: 4N Rng: 62W

LOCAL GOVERNMENT INFORMATION

County: WELD 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 location? If the local government does regulate the siting, but has waived its right to precede the COGCC in siting determination, indicate by selecting "YES" here and selecting "Waived" for the disposition 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: 1041 WOGLA

The local government siting permit was filed on: 12/20/2019

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

Additional explanation of local process:

1040 WOGLA was submitted on 12/20/2019, and was approved at the Weld County hearing held on 3/5/2020.

1041 WOGLA approved on 03/12/2020.
1041WOGLA19-0038

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: No

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 of Sec 16, Twp 4 North, Rng 62 West

See attached Mineral Lease Map.

Total Acres in Described Lease: 640 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # 1025.9

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 460 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 2065 Feet

Building Unit: 2371 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 320 Feet

Above Ground Utility: 260 Feet

Railroad: 5280 Feet

Property Line: 979 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: 681 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

Applicable COGCC spacing order is spacing order number 407-899.

All of Sec 16, Twp 4 North, Rng 62 West

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number: _____

OBJECTIVE FORMATIONS

| <u>Objective Formation(s)</u> | <u>Formation Code</u> | <u>Spacing Order Number(s)</u> | <u>Unit Acreage Assigned to Well</u> | <u>Unit Configuration (N/2, SE/4, etc.)</u> |
|-------------------------------|-----------------------|--------------------------------|--------------------------------------|---|
| NIOBRARA | NBRR | 407-899 | 640 | 4N62W Sec 16 |

DRILLING PROGRAM

Proposed Total Measured Depth: 12324 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 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:

Beneficial reuse or land application plan submitted? Yes

Reuse Facility ID: 462030 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 | 13+1/2 | 9+5/8 | 36 | 0 | 1500 | 486 | 1500 | 0 |
| 1ST | 8+1/2 | 4+1/2 | 11.6 | 0 | 12324 | 1215 | 12324 | |

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

This well has a bottom-hole location beyond the unit boundary setback. The bottom of the completed interval will be within the unit boundary setback at 460' FNL and 2045' FWL of Section 16. The wellbore beyond the unit boundary setback will be physically isolated and will not be completed.

In Spacing Tab, distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in same formation is 681 feet to Anschutz Equus Farms 4-62-16-6203C using Plan View Map Measurement in 3D.

In Drilling Tab, distance is greater than 1500 feet to offset operator including plugged wells. No Stimulation Consent required. No OWE required.

This location has an approved Location ID 474384.

The Doc Number is 1312-SP-1210

This well is planned as Monobore wells. There are only 3 monoboires planned on this pad.

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

Location ID: 474384

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: Erin Ekblad

Title: Regulatory Supervisor Date: 8/11/2020 Email: eekblad@hpres.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: 10/15/2020

Expiration Date: 10/14/2022

API NUMBER

05 123 51295 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> |
|--------------------------------|---|
| Drilling/Completion Operations | Operator will ensure the wellbore beyond the unit boundary setback is physically isolated and is not completed. In the Operator Comments on the Form 5A the operator will (1) report the footages from the section lines of the bottom of the completed interval (2) describe how the wellbore beyond the unit boundary setback is physically isolated and (3) certify that none of the wellbore beyond the setback was completed. |
| Drilling/Completion Operations | Operator acknowledges the proximity of the listed wells. Operator assures that this offset list will be remediated per the DJ Basin Horizontal Offset Policy (option 3). Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 123-05137 ORR *1 123-09247 ORR *14-20 |
| Drilling/Completion Operations | Per COGCC Order 1-232, Bradenhead tests shall be performed according to the following schedule and Form 17 submitted within 10 days of each test: 1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 2) If a delayed completion, 6 months after rig release and 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. |
| Drilling/Completion Operations | 1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with cement bond log. |

Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--------------------------------|---|
| 1 | Drilling/Completion Operations | Prior to drilling operations, HighPoint will perform a risk analysis of the potential for subsurface collision with existing offset wells within close proximity of the proposed well, taking into consideration the possibility of well path drift for both the existing and proposed wells. Where inclination, MWD or gyro surveys of the offset wells are available, or can be reasonably obtained by the operator, such surveys will be incorporated in the risk analysis, taking into account survey instrument margin of error. For the proposed well, upon conclusion of drilling operations, an as-constructed final directional survey will be submitted to the COGCC with the Form 5. |
| 2 | Drilling/Completion Operations | Alternative Logging Program: One of the first wells drilled on the pad will be logged with open-hole resistivity log and gamma- ray log from the 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 measuredwhile- drilling gamma-ray log. 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 openhole logs shall state "Alternative Logging Program -No open-hole logs were run" and shall clearly identify the type of log and the well (by API#) in which open-hole logs were run." |
| 3 | Drilling/Completion Operations | HighPoint will adhere to the COGCC Policy for Bradenhead Monitoring effective 5/29/12. |

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 |
|--------------------|----------------------------|
| 2341085 | MINERAL LEASE MAP |
| 402315924 | FORM 2 RESUBMITTED |
| 402445719 | FORM 2 REJECTED |
| 402446157 | EXCEPTION LOC REQUEST |
| 402446162 | DEVIATED DRILLING PLAN |
| 402446163 | DIRECTIONAL DATA |
| 402446171 | WELL LOCATION PLAT |
| 402446835 | EXCEPTION LOC WAIVERS |
| 402463983 | SURFACE AGRMT/SURETY |
| 402463985 | SURFACE AGRMT/SURETY |
| 402464017 | OffsetWellEvaluations Data |

Total Attach: 11 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|--|---------------------|
| Permit | Final Review Completed. | 10/12/2020 |
| Permit | COGCC conducted the technical review for the related Oil and Gas Location Assessment permit, Form 2A document #402266406 under the statutory authority provided through SB 19-181, including the Objective Criteria. The Director approved the Form 2A on 3/27/2020, establishing Location ID #474384 subject to conditions included in the permit. The well proposed by this related Form 2 was contemplated during COGCC's review of the Form 2A. The Objective Criteria Review Memo (Doc# 1010900) can be found in the document file for this Location. | 10/07/2020 |
| Permit | The following corrections were made with operator concurrence: Removed incorrect lease map and attached corrected lease map | 10/07/2020 |
| Permit | Emailed the SLB to notify them of this pending application. SLB has no concerns with this application. | 10/07/2020 |
| Permit | Passed completeness. | 08/21/2020 |
| Permit | Return to draft per operator request. | 08/11/2020 |

| | | |
|----------------------|---|------------|
| Permit (Rejected) | <p>This application has been reviewed by COGCC staff and cannot be approved based on the information submitted; therefore, the COGCC is rejecting this application consistent with the Rejection Process – Form 2 and 2A (May 21, 2019) posted in the Form 2 and Form 2A Instructions section of our website. In compliance with § 24-65.1-108(1), C.R.S., the COGCC is returning this application to the applicant to remedy the deficiencies. The applicant may resubmit this application for COGCC review; upon determination of completeness for any resubmitted application, the COGCC will have 60 days in which to approve, deny, or request all additional information necessary to complete the regulatory review.</p> <p>In addition to all standard required information and attachments, the COGCC hereby confirms the following information is necessary prior to determination of completeness:</p> <ol style="list-style-type: none"> 1. The distance from the completed portion of the proposed wellbore to the nearest completed portion of an offset wellbore permitted or completed in the same formation, found on the Spacing and Formations tab, is incorrect on the majority of the APDs. Review all 12 APDs and make all corrections including the well referenced on the Submit tab for this distance when necessary?. 2. APD 21-0801BB is not a legal well based on order 407-1603. Correct the well plan or spacing. Make all necessary corrections to the other tabs as needed including the property line distance. 3. APDs 21-0801BB and 16-6302C have the same surface hole location on the forms and the well plats attached to the forms. The incorrect well will need a new plat and the form corrected. 4. APD 22-6401CB has 3 errors including the minerals beneath question on the surface and minerals tab, the distance to the nearest unit boundary on the spacing tab, and the comment is missing on the submit tab about drilling past the unit boundary setback. In addition, the comment on the submit tab pertaining to the unit boundary setback is incorrect and should be removed. 5. Two wells (123-05137 and 123-09247) have been identified as requiring a mitigation option 3 by COGCC engineering. However, the wells were not identified as requiring mitigation on the offset well evaluations provided by the operator. The ORR 1 (123-05137) was not included on the offset reviews at all. Please acknowledge the required mitigation for these two wells. Additionally, please review the offset evaluations to ensure all offset wells within 1500' of any section of the proposed HZ well paths are included prior to re-submitting the form 2s. 6. On APD 22-6302C, the oil based drilling fluid question on the drilling tab is incorrect. 7. 3 APDs have an incorrect Reuse Facility ID on the drilling tab. 8. The WOGLA file date is incorrect on 3 APDs. 9. The proposed TD should be rounded to the nearest integer and the submit tab comments stating the values were not rounded should be removed. 10. On 9 APDs, the docket numbers should be removed from the spacing tab. All spacing orders are already approved. 11. On 4 APDs, the ground elevation should be rounded to the nearest integer. 12. On APDs 16-6302C and 16-6203C, remove the text from the federal or state unit name on the spacing tab. 13. On APD 16-6104C, the contact phone number is incorrect. | 07/17/2020 |
| Permit | Passed completeness. | 06/12/2020 |
| Permit | PDOP does not match Well Location Plat. Return to draft. | 06/01/2020 |
| Permit | PDOP does not match Well Location Plat. Return to draft. | 06/01/2020 |
| Permit | Return to draft per operator request. | 05/29/2020 |
| Permit | Returned to draft - operator request | 05/26/2020 |

Total: 12 comment(s)