

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No.
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name
1c. Type of Completion: <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No.
2. Name of Operator		8. Lease Name and Well No.
3a. Address	3b. Phone No. (include area code)	9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface At proposed prod. zone		10. Field and Pool, or Exploratory
14. Distance in miles and direction from nearest town or post office*		11. Sec., T. R. M. or Blk. and Survey or Area
		12. County or Parish
		13. State
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. in file
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, and the Hydraulic Fracturing rule per 43 CFR 3162.3-3 (as applicable)

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|---|---|
| <ol style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | <ol style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification. 6. Such other site specific information and/or plans as may be requested by the BLM. |
|---|---|

25. Signature	Name (Printed/Typed)	Date
Title		
Approved by (Signature)	Name (Printed/Typed)	Date
Title		Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



INSTRUCTIONS

GENERAL: This form is designed for submitting proposals to perform certain well operations, as indicated on Federal and Indian lands and leases for action by appropriate Federal agencies, pursuant to applicable Federal laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from local Federal offices.

ITEM I: If the proposal is to redrill to the same reservoir at a different subsurface location or to a new reservoir, use this form with appropriate notations. Consult applicable Federal regulations concerning subsequent work proposals or reports on the well.

ITEM 4: Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local Federal offices for specific instructions.

ITEM 14: Needed only when location of well cannot readily be found by road from the land or lease description. A plat, or plats, separate or on the reverse side, showing the roads to, and the surveyed location of, the well, and any other required information, should be furnished when required by Federal agency offices.

ITEMS 15 AND 18: If well is to be, or has been directionally drilled, give distances for subsurface location of hole in any present or objective productive zone.

ITEM 22: Consult applicable Federal regulations, or appropriate officials, concerning approval of the proposal before operations are started.

ITEM 24: If the proposal will involve hydraulic fracturing operations, you must comply with 43 CFR 3162.3-3, including providing information about the protection of usable water. Operators should provide the best available information about all formations containing water and their depths. This information could include data and interpretation of resistivity logs run on nearby wells. Information may also be obtained from state or tribal regulatory agencies and from local BLM offices.

NOTICES

The Privacy Act of 1974 and regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 25 U.S.C. 396; 43 CFR 3160

PRINCIPAL PURPOSES: The information will be used to: (1) process and evaluate your application for a permit to drill a new oil, gas, or service well or to reenter a plugged and abandoned well; and (2) document, for administrative use, information for the management, disposal and use of National Resource Lands and resources including (a) analyzing your proposal to discover and extract the Federal or Indian resources encountered; (b) reviewing procedures and equipment and the projected impact on the land involved; and (c) evaluating the effects of the proposed operation on the surface and subsurface water and other environmental impacts.

ROUTINE USE: Information from the record and/or the record will be transferred to appropriate Federal, State, and local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecution, in connection with congressional inquiries and for regulatory responsibilities.

EFFECT OF NOT PROVIDING INFORMATION: Filing of this application and disclosure of the information is mandatory only if you elect to initiate a drilling or reentry operation on an oil and gas lease.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM connects this information to a new evaluation of the technical, safety, and environmental factors involved with drilling for oil and/or gas on Federal and Indian oil and gas leases. This information will be used to analyze and approve applications. Response to this request is mandatory only if the operator elects to initiate drilling or reentry operations on an oil and gas lease. The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Connection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Additional Operator Remarks

Location of Well

0. SHL: SWSW / 96 FSL / 411 FWL / TWSP: 32N / RANGE: 4W / SECTION: 7 / LAT: 37.025498 / LONG: -107.3332259 (TVD: 0 feet, MD: 0 feet)
PPP: NWNW / 1195 FNL / 569 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.021935 / LONG: -107.3326366 (TVD: 2760 feet, MD: 3311 feet)
BHL: SWNW / 1615 FNL / 678 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.020772 / LONG: -107.3322481 (TVD: 2964 feet, MD: 3794 feet)
PPP: SWNW / 1351 FNL / 609 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.021504 / LONG: -107.3324926 (TVD: 2836 feet, MD: 3490 feet)
BHL: NWSW / 200 FSL / 777 FWL / TWSP: 32N / RANGE: 4W / SECTION: 19 / LAT: 37.0005942 / LONG: -107.331761 (TVD: 2829 feet, MD: 11178 feet)
PPP: NWNW / 1312 FNL / 599 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.0216122 / LONG: -107.3325288 (TVD: 2817 feet, MD: 3445 feet)
BHL: LOT 3 / 200 FSL / 1920 FEL / TWSP: 32N / RANGE: 5W / SECTION: 24 / LAT: 37.0006117 / LONG: -107.3409961 (TVD: 2764 feet, MD: 11582 feet)
PPP: NWNW / 1273 FNL / 589 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.0217204 / LONG: -107.3325649 (TVD: 2798 feet, MD: 3400 feet)
BHL: LOT 1 / 200 FSL / 292 FWL / TWSP: 32N / RANGE: 5W / SECTION: 24 / LAT: 37.0006334 / LONG: -107.351271 (TVD: 2714 feet, MD: 12930 feet)
PPP: NWNW / 1234 FNL / 579 FWL / TWSP: 32N / RANGE: 4W / SECTION: 18 / LAT: 37.0218286 / LONG: -107.3326011 (TVD: 2779 feet, MD: 3355 feet)
BHL: NENE / 974 FNL / 423 FEL / TWSP: 32N / RANGE: 5W / SECTION: 23 / LAT: 37.0078143 / LONG: -107.3537482 (TVD: 2759 feet, MD: 11466 feet)

BLM Point of Contact

Name: BARBARA TELECKY

Title: Land Law Examiner

Phone: (970) 385-1365

Email: btelecky@blm.gov

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Review and Appeal Rights

A person contesting a decision shall request a State Director review. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

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Conditions of Approval - Surface

Well Name:	North Carracas 32-4 #7F-3 and North Carracas 32-4 #7F-4
Lease Number:	750-08-2008
Location:	SWSW; Section 7, T. 32 N., R. 4 W.; Archuleta County, Colorado
Operator:	Red Willow Production Company
Application:	Application for Permit to Drill (APD)

Special Requirements

1. The operator has committed to the design features found within Section 2.2.9 of the 2013 North Carracas Natural Gas Plan of Development Final Environmental Assessment, except for the third design feature under Air Quality.

In order for the proposed action to be in compliance with the provisions in Section 106 of the National Historic Preservation Act, the operator must adhere to the following conditions where were derived from the BIA's cultural clearance letters to the operator:

2. Site 5AA1809 must be avoided and protected by placing a temporary fence between the site and the construction area for the Middle Pad 2F as detailed in the cultural survey report's Table 6.2 and illustrated in the cultural report's Figure 5.1 (see cultural survey report SEAS Report 17-098b). Also, a qualified archeologist must monitor all earth-disturbing activities within 50 feet of site boundaries.
3. All land-altering activities shall be confined to the area surveyed for cultural resources, and the project sponsor shall control the action of its agents at the job site to ensure that no archaeological sites are disturbed or damaged. Disturbance or damage to sites on tribal land is a violation of the Archaeological Resources Protection Act (16 U.S.C. § 470ee) which prohibits the excavation, removal, damage, alteration, or defacement, or attempt to excavate, remove, damage, alter, or deface any archaeological resources [cultural resources] located on Indian lands. Both criminal and civil penalties may be assessed (16 U.S.C. §§ 470ee and 470ff) for violations.
4. If subterranean cultural resources or human remains are encountered, all land-altering activities shall cease within 50 feet of the discovery and the Southern Ute Tribe and the BIA Regional Archeologist shall be notified immediately for consultation on the treatment of the discovery.

General Requirements

1. Hydraulic Fracturing: Wells drilled after April 5, 2016 are subject to the Tribal Amended and Restated Hydraulic Fracturing and Chemical Disclosure Regulations. Any planned hydraulic fracture must be conducted in accordance with those regulations which can be found at <http://www.suitdoe.com/>.
2. Air Quality Report: An Oil and Gas Facility Air Quality Monitoring Annual Report must be submitted to the SUI Air Quality Program by April 1st of each year. The reporting form can be found on the SUI DOE's website at the following link:
http://www.suitdoe.com/Documents/Appendix_D_Air%20Quality%20Report%20Format.pdf.

NOTICE TO OPERATORS

All Spud notifications must be given to BLM personnel directly. **Do not leave messages on answering machines.** Spud notices are to be phoned into the BLM office during regular working hours (Monday-Friday, 8:00-4:30).

If any operations are to start over the weekend or holiday, notify this office by **noon** Friday or the day prior to the holiday. If any problems arise after hours or on weekends, call BLM personnel using the home phone numbers listed below. **Do not leave messages on answering machines.**

Rodney Brasher	Lead Technician	work: 970-385-1347	cell: 970-799-1244
Alan White	Technician	work: 970-385-1201	cell: 970-317-0329
Nathan Willis	Technician	work: 970-385-1349	cell: 970-749-1734
Bryan Clappe	Technician	work: 970-385-1364	cell: 970-903-9077
Joe Killins	Engineer	work: (505) 564-7736	cell: 970-880-0987

PLEASE NOTE:

1. Approved for a period not to exceed 2 years.
2. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject lease which are committed hereto.
3. See Site Specific Conditions of Approval.

INFORMATIONAL NOTICE - APDs

Tres Rios Field Office

This notice is an abstract of some major regulations and Onshore Orders and includes notification requirements and information.

1. Drilling Operations (Onshore Order No. 2)
 - a. If DSTs are run, all applicable safety precautions outlined in Onshore Order No. 2 shall be observed.
 - b. All indications of usable water (10,000 ppm or less TDS) shall be reported to the Tres Rios Field Office prior to running the next string of casing or before plugging orders are requested, whichever occurs first.
2. Well Abandonment (43 CFR 3162.3-4, Onshore Order No. 1-Sec.V)

Approval for abandonment shall be obtained prior to beginning plugging operations. Initial approval for plugging operations may be verbal, but shall be followed-up in writing within 30 days. Subsequent and final abandonment notifications are required and shall be submitted on Sundry Notice (Form 3160-5), in triplicate.

3. Reports and Notifications (43 CFR 3162.3-2, 3162.4-1, 3162.4-3, 00-6)
 - a. Within 30 days of completion of the well as a dry hole or producer, a copy of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample descriptions or data obtained and compiled during the drilling, work over, and/or completion operations shall be filed with a Completion Report (Form 3160-4), in triplicate. Submit casing/cementing reports and other subsequent reports via Sundry Notice, Form 3160-5.
 - b. In accordance with 43 CFR 3162.4-3, this well shall be reported on BLM Form 3160-6, Monthly Report of Operations, starting with the month in which drilling operations commence, and continuing each month until the well is physically plugged and abandoned.
 - c. Notify this office within 5 business days of production start-up if either of the following two conditions occur:
 - (1) The well is placed on production, or
 - (2) The well resumes production after being off production for more than 90 days.

Placed on production means shipment or sales of hydrocarbons from temporary tanks, production into permanent facilities or measurement through permanent facilities. Notification may be written or verbal with written follow-up within 15 days.

- d. As per Onshore Order No. 6, III.A.2.b., if hydrogen sulfide is present the operator shall initially test the H₂S concentration of the gas stream for each well or production facility. Submit the results of this test within 30 days of filing Form 3160-4, Well Completion or Recompletion Report and Log.
4. Environmental obligations and disposition of production (00-7, NTL-3A, 43 CFR 3162.5-1, 3162.7 and 40 CFR 302-4)

If underground injection is proposed, an EPA or State UIC permit shall also be required and submitted to this office.

 - a. Spills, accidents, fires, injuries, blowout and other undesirable events shall be reported to this office within the time frames in NTL-3A.

- b. Venting and flaring of gas during drilling, completion, initial production testing, subsequent well operations and emergencies are governed by 43CFR 3179.1
- c. Off-lease measurement and commingling of production must be approved by the authorized officer.

5. Well Identification (43 CFR 3162.6)

Each drilling, producing or abandoned well on Tribal Or Federal lands shall be identified as follows. All signs will be legible and in a conspicuous place.

Drilling wells shall have items 1-4

Producing and abandon wells shall have items 1-6

The well sign for the reference well must include:

1. Name of the operator
2. API Number
3. SL (surface location – QtrQtr), Township and Range
4. SL lease number
5. BHL (bottom hole location Qtr Qtr-end of lateral if appropriate), Township and Range
6. BHL lease number or Communitization Agreement Number (if applicable) and whether lease is Tribal or Allotted.

6. Bureau of Land Management, Tres Rios Field Office Address and Contacts:

ADDRESS: Public Lands Center
161 Burnett Drive Unit 4
Durango, Colorado 81301

BUSINESS HOURS: 7:45 A.M. to 4:30 P.M. (Mountain Time), Monday-Friday

AFTER HOURS:

Rodney Brashear	Lead Petroleum Engineering Technician Home: (970) 588-3699 Cell: (970) 799-1244
Alan White	Petroleum Engineering Technician Home: Cell: (970) 317-0329
Nathan Willis	Petroleum Engineering Technician Home: Cell: (970) 749-1734
Bryan Clappe	Petroleum Engineering Technician Cell: (970) 903-9077



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Tres Rios Field Office
161 Burnett Drive - Unit 4
Durango, CO 81301-3647

In Reply Refer To:

COA APD ID: 10400061735

RED WILLOW PRODUCTION COMPANY
NORTH CARRACAS 32-4 #7F-3

GENERAL REQUIREMENTS FOR OIL AND GAS OPERATIONS ON FEDERAL AND INDIAN LEASES

I. GENERAL

- A.** Prior approval by the BLM-Authorized Office (Drilling and Production Section) is required for variance from the approved drilling program and before commencing plugging operations, plug back work casing repair work, corrective cementing operations, or suspending drilling operations indefinitely. Emergency approval may be obtained orally, but such approval is contingent upon filing of a notice of intent (on a Sundry Notice, Form 3160-5) within three business days (original and three copies of Federal leases and an original and four copies on Indian leases). **Any changes to the approved plan or any questions regarding drilling operations should be directed to BLM during regular business hours via Sundry Notice. Emergency program changes after hours should be directed to at Joe Killins at (970) 880-0987.**
- B.** Notify this office at least 24 hours in advance prior to the following:
- a. Well Spud
 - b. Running and cementing casing
 - b.i. Submit a cement evaluation log, if cement is not circulated to surface.
 - c. BOP test
 - c.i. In the event a BLM inspector is not present during the initial BOP test, please provide chart record.
- C.** Each well shall have a well sign in legible condition from spud date to final abandonment. The sign should show the operator's name, lease serial number, or unit name, well number, location of the well, and whether lease is Tribal or Allotted, (See 43 CFR 3162.6(b)).
- D.** A complete copy of the approved Application for Permit to Drill, along with any conditions of approval, shall be available to authorized personnel at the drill site whenever active drilling operations are under way.

- E.** From the time drilling operations are initiated and until drilling operations are completed, a member of the drilling crew or the tool pusher shall maintain rig surveillance at all time, unless the well is secured with blowout preventers or cement plugs.
- F.** On directional/horizontal wells submit as drilled directional survey from surface to total depth.

VII. PHONE NUMBERS

Rodney Brasher	Lead Technician	work: 970-385-1347	cell: 970-799-1244
Alan White	Technician	work: 970-385-1201	cell: 970-317-0329
Nathan Willis	Technician	work: 970-385-1349	cell: 970-749-1734
Bryan Clappe	Technician	work: 970-385-1364	cell: 970-903-9077
Joe Killins	Engineer	work: 970-385-1342	cell: 970-880-0987