

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.)

Please see mineral lease map attachment for a mineral lease description and map.

Total Acres in Described Lease: 1080 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # 9721.8

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 660 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 748 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 1034 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 Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1221 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Farisita Unit Number: COC76216X

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.)
NIOBRARA	NBRR			

DRILLING PROGRAM

Proposed Total Measured Depth: 10546 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1420 Feet (Including plugged wells)

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 609

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	30	20	0	0	90	175	90	0
SURF	17+1/2	13+3/8	54.5	0	815	750	815	0
1ST	12+1/4	9+5/8	36	0	3900	800	3900	0
2ND	8+3/4	7	26	0	6703	327	6703	3500
2ND LINER	6+1/4	4+1/2	11.6	6503	10546	0		

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 was originally permitted by SWEPI as the State 2-36 well (API 05-055-06310). Due to major changes in the SHL and BHL, the name of the well was changed to State 4-36. At the request of COGCC on October 3, 2013, "in order to be clear and less confusing to all who review these permits and sundries, Shell should permit both the 2A and the form 2". Thus, a new APD package has been submitted.

As a result, it is anticipated that once the new APD package is approved, the original API number for the original well will be terminated since the well permitted under that API number will no longer exist and a new API number will be issued to the new State 4-36 well.

This application is in a Comprehensive Drilling Plan _____ 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: Trent Miller _____

Title: Env & Reg Consultant _____ Date: 11/4/2013 _____ Email: trent.miller@shell.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: Matthew Lee _____ Director of COGCC Date: 4/18/2014 _____

Expiration Date: 04/17/2016 _____

API NUMBER

05 055 06313 01

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

	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	1) Provide 48 hour notice prior to spud via electronic Form 42. 2) Set 9 5/8" casing (1st string) at least 50' below top of Pierre. Cement to 50' above base of surface casing. Verify coverage with cement bond log. No salt or oil base mud shall be used until after setting and cementing 1st string. 3) Provide cement coverage from base of 7" casing (2nd string) to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 4) Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Best Management Practices

No BMP/COA Type

Description

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Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.

Attachment Check List

Att Doc Num	Name
400492850	FORM 2 SUBMITTED
400500507	WELL LOCATION PLAT
400500514	TOPO MAP
400501123	LEGAL/LEASE DESCRIPTION
400501126	LEASE MAP
400501181	DRILLING PLAN
400501268	DEVIATED DRILLING PLAN
400508206	WELLBORE DIAGRAM
400508235	DIRECTIONAL DATA

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed. Ready for final approval.	4/15/2014 2:10:21 PM
Permit	This permit is the lateral of a pilot/lateral drilling plan and this permit should have a sidetrack designation in the API number. Approval of this permit must follow the approval of the pilot in order that the wellbores have the correct sidetrack designation.	4/15/2014 2:07:26 PM
Permit	Notified State land board. Bond and surface location are in good order. per SLB 1/28/2014	4/15/2014 2:03:45 PM
Permit	Review of possible deep water zone concluded.	1/23/2014 4:56:10 AM
Permit	Total acreage of state lease of 1080 does not match our data that suggests the state lease is a 640 acre consisting of section 36 only. requested clarification.	1/22/2014 3:02:30 PM
Permit	Distance to lease line and unit line revised to account for error in top of production footage.	1/22/2014 2:18:02 PM
Permit	The lease involving this well is a 640 acre state lease for section 36.	1/22/2014 2:05:29 PM
Permit	Distance to another well penetrating the objective formation revised to include a plugged and abandoned well (Walker Ranch #1).	1/22/2014 1:58:47 PM
Permit	Top of production footage appears incorrect. The producing zone appears to start at a depth of 6703'. Footage at that point should be 1796 FNL and 1221 FWL. Request clarification.	1/22/2014 1:18:59 PM
Permit	Operator sent a separate pilot permit which must go thru the 20 Day comment period.	12/3/2013 6:10:29 AM
Permit	Operator submitted changes to casing.	11/21/2013 7:27:34 AM
Permit	Deviated drilling plan talks about a pilot hole. that would be a separate well permit. Need clarification.	11/14/2013 2:51:33 PM
Permit	Form 2 and 2A for the State 2-36 should be abandoned since this well replaces it. The #2-36 was abandoned subsequently.	11/14/2013 2:45:08 PM
Permit	Top of production appears to be 368 feet from the lease and unit boundary. Setback distances to unit boundary should be clarified. If the setback is the same as the COGCC statewide setback rule than the top of the producing interval would have to be revised.	11/14/2013 2:33:28 PM
Permit	This form has passed completeness.	11/12/2013 8:45:39 AM
Permit	Surface and Minerals don't match 2A. Deviated drilling plan data sheet did not load. Need to know if this is a pilot hole or a lateral as the attachment called "other" is a wellbore diagram with both. Comments refer to this well being permitted as State 2-36 but no comment about plans to keep or AB it.	11/5/2013 3:49:58 PM

Total: 16 comment(s)