

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

3. Name of Operator: ELM RIDGE EXPLORATION CO LLC 4. COGCC Operator Number: 26625

5. Address: 12225 GREENVILLE AVE STE 950
City: DALLAS State: TX Zip: 75243-9362

6. Contact Name: Terry Lindeman Phone: (505)632-3476 Fax: (505)632-5151
Email: tlindeman@elmridge.com

7. Well Name: IGE Well Number: 116

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 3309

WELL LOCATION INFORMATION

10. QtrQtr: SENW Sec: 18 Twp: 33N Rng: 7W Meridian: N
Latitude: 37.107135 Longitude: -107.653686

Footage at Surface: 1560 feet FNL 1640 feet FWL

11. Field Name: Ignacio Blanco Field Number: 38300

12. Ground Elevation: 6537 13. County: LA PLATA

14. GPS Data:
Date of Measurement: 12/08/2006 PDOP Reading: 2.0 Instrument Operator's Name: Scott Wiebe

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**
Footage at Top of Prod Zone: 953 FNL 1824 FWL Bottom Hole: 700 FNL 1900 FWL
Sec: 18 Twp: 33N Rng: 7W Sec: 18 Twp: 33N Rng: 7W

16. Is location in a high density area? (Rule 603b)? Yes No
17. Distance to the nearest building, public road, above ground utility or railroad: 3500 ft
18. Distance to nearest property line: 173 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1400 ft

LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
Fruitland Coal	FRLDC	112-195	320	W/2

21. Mineral Ownership: Fee State Federal Indian Lease #: _____
22. Surface Ownership: Fee State Federal Indian
23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: _____
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No
23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

SW/4SW/4 Sec. 7, SE/4SW/4 Sec. 15, N/2NW/4 Sec. 18, NE/4SE/4 Sec. 30, T33N, R7W, N.M.P.M.

25. Distance to Nearest Mineral Lease Line: 700 ft 26. Total Acres in Lease: 200

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite

If 28, 29, or 30 are "Yes" a pit permit may be required.

Method: Land Farming Land Spreading Disposal Facility Other: Closed loop. Bury onsite.

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

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	262	400	262	0
1ST	7+7/8	5+1/2	17	0	3,304	503	3,304	0

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments No conductor casing associated with this well. It will be located on an existing well pad. Very little ground disturbance will occur. Notification sent to Division of Wildlife March 27, 2013.

34. Location ID: 311899

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Robert D. Joyce

Title: Agent Date: 4/4/2013 Email: jlr@animas.net

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: 5/9/2013

API NUMBER Permit Number: _____ Expiration Date: 5/8/2015

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CONDITIONS OF APPROVAL, IF ANY:

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.

- 1) Provide 48 hour notice of spud via COGCC form 42
- 2) Provide cement coverage of production casing from TD to surface. Verify cement coverage with Cement Bond Log.
- 3) Run and submit Directional Survey from TD to kick-off point
- 4) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.
- 5) Sample and test two closest water wells within 1/2 mile swath of the directional wellbore.
- 6) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales
- 7) Comply with all applicable provisions of Order 112-195

Attachment Check List

Att Doc Num	Name
1857323	SELECTED ITEMS REPORT
400398274	FORM 2 SUBMITTED
400398308	DEVIATED DRILLING PLAN
400398318	SURFACE AGRMT/SURETY
400398357	DIRECTIONAL DATA
400398413	WELL LOCATION PLAT
400398671	OTHER

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	5/8/2013 12:05:57 PM
Permit	No changes have been made from the previously approved Form 2.	5/7/2013 12:15:11 PM
Permit	Returned to draft. Incorrect plugging bond number (20100130). Location ID missing (311899).	4/5/2013 1:05:38 PM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Construction	<p>The IGE 116 well location will be expanding to the North of the existing Ute T. G. U. #1 well into a relatively flat, non-irrigated field. Very little vegetation will be removed. Dirt from the excavation of the reserve pit will be stockpiled until interim reclamation. Straw wattles will be placed around the perimeter of the well pad during construction operations where appropriate to control runoff and prevent sediment from flowing beyond the perimeter of the previously disturbed area.</p> <p>All equipment will be painted with a uniform, non-reflective paint that is darker than the adjacent landscape.</p> <p>Any disturbed area that is outside the permanent well pad will reseeded with a weed-free seed mixture consistent with the surrounding area.</p> <p>Re-seeding will be done via drill seeding in flat areas and broadcast seeding on slopes. Reseeding will be done in spring or summer.</p> <p>Elm Ridge will control all noxious weeds as identified by the La Plata County weed technician.</p> <p>Elm Ridge will monitor the site after reclamation and spray for weeds where necessary. Methods of control will be pursuant to recommendations from the LaPlata County weed control technician</p>

Total: 1 comment(s)