

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER OIL & GAS
SINGLE ZONE MULTIPLE ZONE COMMINGLE ZONE Refiling
Sidetrack

Document Number:

2093087

Plugging Bond Surety

3. Name of Operator: BLUE CHIP OIL INC 4. COGCC Operator Number: 88405. Address: 155 E BOARDWALK DR STE 400City: FORT COLLINS State: CO Zip: 805256. Contact Name: TIM HAGER Phone: (970)493-6456 Fax: (970)232-3051Email: BLUECHIPOIL@MSN.COM7. Well Name: KW Well Number: 5

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

9. Proposed Total Measured Depth: 8155

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 12 Twp: 6N Rng: 67W Meridian: 6Latitude: 40.507880 Longitude: -104.833860Footage at Surface: 375 FNL/FSL FNL 435 FEL/FWL FEL11. Field Name: SEVERANCE Field Number: 7703012. Ground Elevation: 4885 13. County: WELD

14. GPS Data:

Date of Measurement: 06/27/2008 PDOP Reading: 1.9 Instrument Operator's Name: ROD EDWARDS15. 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 _____

661 FNL 1968 FEL 661 FNL 1968 FELSec: _____ Twp: _____ Rng: _____ Sec: 12 Twp: 6N Rng: 67W16. Is location in a high density area? (Rule 603b)? Yes No17. Distance to the nearest building, public road, above ground utility or railroad: 375 ft18. Distance to nearest property line: 375 ft 19. Distance to nearest well permitted/completed in the same formation: 932 ft

20. 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.)
J SAND	JSND		80	W2NE
NIOBRARA-CODELL	NB-CD	407-87	80	W2NE

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 Bon \$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):
T6N - R67W: SECTION 12: NE4

25. Distance to Nearest Mineral Lease Line: 661 ft 26. Total Acres in Lease: 160

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 27 or 28 are yes, is this location in a sensitive area (Rule 903)? Yes No **If 28, 29, or 30 are "Yes" a pit permit may be required.**

31. Mud disposal: Offsite Onsite

Method: Land Farming Land Spreading Disposal Facility Other: _____

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	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bottom	Cement Top
SURF	12+1/4	8+5/8	24	710	400	710	0
1ST	7+7/8	4+1/2	11.6	8,155	260	8,155	6,790

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

33. Comments NO CONDUCTOR CASING WILL BE SET IN THE SUBJECT WELL. TWINNING THE PROPOSED KW #4 WELL

34. Location ID: 333316

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: TIM HAGER

Title: PRESIDENT Date: _____ Email: BLUECHIPOIL@MSN.COM

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: _____ Director of COGCC Date: _____

API NUMBER 05 123 29268 00	Permit Number: _____ Expiration Date: _____
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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.

Attachment Check List

Att Doc Num	Name	Doc Description
2093087	APD ORIGINAL	LF@2193806 2093087
2093088	WELL LOCATION PLAT	LF@2193807 2093088
2093089	TOPO MAP	LF@2193808 2093089
2093090	30 DAY NOTICE LETTER	LF@2193809 2093090
2093091	DEVIATED DRILLING PLAN	LF@2193810 2093091
2093092	EXCEPTION LOC REQUEST	LF@2193811 2093092
2093093	EXCEPTION LOC WAIVERS	LF@2193812 2093093

Total Attach: 7 Files