

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 _____
SINGLE ZONE MULTIPLE ZONE COMMINGLE ZONE

Refiling
Sidetrack

Document Number:
1757063
Plugging Bond Surety
19910030

3. Name of Operator: BLUE CHIP OIL INC 4. COGCC Operator Number: 8840

5. Address: 155 E BOARDWALK DR STE 400
City: FORT COLLINS State: CO Zip: 80525

6. Contact Name: TIM HAGER Phone: (970)493-6456 Fax: (970)232-3051
Email: _____

7. Well Name: MRJV Well Number: 3

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

9. Proposed Total Measured Depth: 7940

WELL LOCATION INFORMATION

10. QtrQtr: SWNW Sec: 36 Twp: 7N Rng: 67W Meridian: 6
Latitude: 40.531550 Longitude: -104.847940

Footage at Surface: 2267 FNL/FSL FNL 862 FEL/FWL FWL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4930 13. County: WELD

14. GPS Data:

Date of Measurement: 08/06/2007 PDOP Reading: 1.5 Instrument Operator's Name: MARK ANGELL

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FNL/FSL Bottom Hole: FNL/FSL FNL/FSL
662 FNL 1962 FWL 662 FNL 1962 FWL
Sec: _____ Twp: _____ Rng: _____ Sec: 36 Twp: 7N Rng: 67W

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: 1000 ft

18. Distance to nearest property line: 380 ft 19. Distance to nearest well permitted/completed in the same formation: 900 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.)
NIOBRARA-CODELL	NB-CD		160	NW4

21. Mineral Ownership: Fee State Federal Indian Lease #: 85015

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):
SEC. 36, T7N - R67W: NW/4

25. Distance to Nearest Mineral Lease Line: 380 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	400	285	400	0
1ST	7+7/8	4+1/2	11.6	7,940	200	7,940	6,625

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

33. Comments SURFACE OWNER ACKNOWLEDGES AND AGREES TO LOCATION OUTSIDE OF GWA WINDOW RULE 318A.A(3) PER SURFACE USE AGREEMENT. NO CONDUCTOR CASING WILL BE SET PER C.R. ON 9/10/2007. NO SURFACE CHANGE WITHIN 400' SINCE LAST PERMITTED.

34. Location ID: 333053

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: Y Print Name: JOE MAZOTTI

Title: AGENT Date: 6/3/2009 Email: JOE@PETRO-FS.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: David S. Nashin Director of COGCC Date: 10/13/2009

API NUMBER
05 123 26649 00

Permit Number: 20092715 Expiration Date: 10/12/2011

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.

Location is in a sensitive area because of shallow groundwater; therefore, either a lined drilling pit or closed loop system is required.

1) Provide 24 hour notice of MIRU to Ed Binkley at 970-506-9834 or e-mail at ed.binkley@state.co.us 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with cement bond log. 3) Comply with Rule 321. 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.

Attachment Check List

Att Doc Num	Name	Doc Description
1757064	WELL LOCATION PLAT	LF@2086900 1757064
1757065	TOPO MAP	LF@2086901 1757065
1757066	EXCEPTION LOC REQUEST	LF@2086899 1757066
1758417	EXCEPTION LOC REQUEST	LF@2125761 1758417
1813782	30 DAY NOTICE LETTER	LF@2086897 1813782
400011443	APD ORIGINAL	LF@2086896 400011443

Total Attach: 6 Files