

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:
2581582
Plugging Bond Surety
20090104

3. Name of Operator: PROSPECT ENERGY LLC 4. COGCC Operator Number: 10312

5. Address: 1600 STOUT ST STE 1710
City: DENVER State: CO Zip: 80202

6. Contact Name: ROBERT VINCENT Phone: (303)973-3228 Fax: (303)346-4893
Email: RVINCENT@BDMINERALS.COM

7. Well Name: COMMUNITY Well Number: 7

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

9. Proposed Total Measured Depth: 6507

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 18 Twp: 8N Rng: 68W Meridian: 6
Latitude: 40.656250 Longitude: -105.041210

Footage at Surface: 897 ^{FNL/FSL} FSL 749 ^{FEL/FWL} FEL

11. Field Name: FORT COLLINS Field Number: 25100

12. Ground Elevation: 5142 13. County: LARIMER

14. GPS Data:

Date of Measurement: 01/08/2010 PDOP Reading: 2.7 Instrument Operator's Name: DALLAS NIELSEN

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

Footage at Top of Prod Zone: ^{FNL/FSL} 1993 FSL 640 FEL ^{FEL/FWL} 2010 FSL 640 FEL
Sec: 18 Twp: 8N Rng: 68W Sec: 18 Twp: 8N Rng: 68W

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: 200 ft

18. Distance to nearest property line: 108 ft 19. Distance to nearest well permitted/completed in the same formation: 1263 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.)
LYONS	LYNS	84-1	40	NESE

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):
SEE ATTACHED MINERAL LEASE DESCRIPTION

25. Distance to Nearest Mineral Lease Line: 640 ft 26. Total Acres in Lease: 400

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	11	8+5/8	24	750	400	750	
1ST	7+7/8	5+1/2	17	6,500	750	6,500	1,200

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

33. Comments **WE ARE REQUESTING A VARIANCE TO RULE 603.A.(2); DIRECTOR LETTER AND SIGNED LOCATION WAIVER ARE ATTACHED.**

34. Location ID: 307059

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 VINCENT

Title: VICE PRES OF OPERATIONS Date: 3/23/2010 Email: RVINCENT@BDMINERALS.C

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. Neslin Director of COGCC Date: 5/19/2010

API NUMBER
05 069 06400 00

Permit Number: _____ Expiration Date: 5/18/2012

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.

Operator must notify DJ Resources Inc., operator of the Fort Collins Muddy Sandstone Unit, prior to spud.

- 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. Verify coverage with cement bond log.
- 3) Run and submit Directional Survey from TD to base of surface casing. The operator shall comply with Rule 321, and it shall be the operator's responsibility to 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
2581573	WELL LOCATION PLAT	LF@2444842 2581573
2581574	TOPO MAP	LF@2444871 2581574
2581575	OIL & GAS LEASE	LF@2444843 2581575
2581576	SURFACE AGRMT/SURETY	LF@2444844 2581576
2581577	DEVIATED DRILLING PLAN	LF@2444846 2581577
2581578	DRILLING PLAN	LF@2444847 2581578
2581579	30 DAY NOTICE LETTER	LF@2444845 2581579
2581580	EXCEPTION LOC REQUEST	LF@2444848 2581580
2581581	EXCEPTION LOC WAIVERS	LF@2444849 2581581
2581582	APD ORIGINAL	LF@2444841 2581582

Total Attach: 10 Files