

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:

2584995

Plugging Bond Surety

20090082

3. Name of Operator: BLACK RESOURCES, INC

4. COGCC Operator Number: 8725

5. Address: 320 MUSTANG TRAIL

City: GRANBURY State: TX Zip: 76049

6. Contact Name: BILL BLACK Phone: (817)573-8444 Fax: (817)579-1144
Email: BLACKMUSTANG@CHARTER.NET

7. Well Name: STATE Well Number: 12H-33-38-16

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

9. Proposed Total Measured Depth: 10000

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 33 Twp: 38N Rng: 16W Meridian: N

Latitude: 37.506740 Longitude: -108.628720

Footage at Surface: 1928 feet FNL/FSL FSL 210 feet FEL/FWL FWL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 6753.7 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 09/29/2010 PDOP Reading: 7.0 Instrument Operator's Name: ERNEST MANESS

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

Footage at Top of Prod Zone: FNL/FSL 1613 FSL 210 FWL 2710 FSL 141 FWL 1613
Sec: 4 Twp: 37N Rng: 16W Sec: 4 Twp: 37N Rng: 16W

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: 166 ft

18. Distance to nearest property line: 510 ft 19. Distance to nearest well permitted/completed in the same formation: 1654 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.)
GOTHIC SHALE	GOSH			

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):
 SWSW, 33, 38N, 16W SURFACE OWNERSHIP: STATE OF COLORADO. SEE ATTACHED MINERAL LEASE MAP.

25. Distance to Nearest Mineral Lease Line: 210 ft 26. Total Acres in Lease: 967

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: EVAPORATION & BACKFIL

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/Line Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26	16	65		40		40	0
SURF	12+1/4	9+5/8	36		2,000	690	2,000	0
1ST	8+3/4	7	23		6,107	690	6,107	0
2ND	6+1/8	4+1/2	11.6		10,000			

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

33. Comments The rig proposed to drill the subject well has a derrick height of 110'. The Shed in the Corral Area and the Tack Shed will be razed.

34. Location ID: _____

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: WILLIAM D. BLACK

Title: PRESIDENT Date: 10/21/2010 Email: BLACKMUSTANG@CHARTER

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: 12/21/2010

API NUMBER

05 083 06692 00

Permit Number: _____ Expiration Date: 12/20/2012

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.

The height of derrick to drill the subject well will not be greater than 2/3rds of 166 feet, 111 feet.

H2S Safety Plan* – Low Risk Conditions
Drilling and Completing Gothic Shale Wells

- (1) H2S monitoring equipment will be on site while drilling and completing. Submit plans for H2S monitoring.
- (2) A map shall be posted at the well site showing all facilities within a half (1/2) mile radius where the public is likely to be present (applicable to both drilling and fracturing operations). Also, post names, addresses and as available, phone numbers of the public who normally live, work or congregate within a half (1/2) mile of the well site (applicable to both drilling and fracturing operations)
- (3) 72 hours prior both to spud & fracturing operations, notify COGCC inspector Leslie Melton at 970-375-6419 or les.melton@state.co.us
- (4) 72 hours prior to spud & fracturing operations, notify county dispatch & Local Governmental Designee of potential for H2S
- (5) Have H2S scavenger on site at time of drilling out surface casing shoe
- (6) If H2S is encountered, measure H2S concentration in ppm as soon as practicable
- (7) If H2S is encountered, shut in well and cease operations
- (7) If H2S is encountered, notify county dispatch, COGCC, & local governmental designee of H2S presence
- (8) If H2S is encountered and the radius of exposure equals or exceeds 50 feet, submit for COGCC approval PUBLIC H2S PROTECTION PLAN prior to resuming operations
- (9) Submit H2S Operations Plan for approval & Implement prior to resuming operations

*BLM Onshore Order No. 6 – Hydrogen Sulfide Operations (see COGCC Instructions & Guidance Document)

- 1) Provide 48 hour spud notice to COGCC field inspector Leslie Melton (970) 375-6419 or les.melton@state.co.us
- 2) If cement top drops more than 10 bbls following circulation on the 9 5/8" surface casing, conduct temperature survey; do so prior to re-cementing with one inch pipe; submit survey w/ completion report
- 3) Verify cement coverage with Cement Bond Log on the Intermediate casing
- 4) It is the operator's responsibility to ensure that the well bore/perfs complies with setback requirements in Commission orders and/or rules prior to producing the well.
- 5) Run and submit Directional Survey for the directional portion of the well
- 6) Provide cementer's job log summary for all casing strings being cemented

Attachment Check List

Att Doc Num	Name
2584995	APD ORIGINAL
2584996	PLAT
2584997	TOPO MAP
2584998	MINERAL LEASE MAP
2584999	DEVIATED DRILLING PLAN
2586444	EXCEPTION LOC REQUEST

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	PERMITTING PASSED- JLV	12/13/2010 9:40:10 AM
Permit	Per Operator the Rig proposed to drill the subject well will have a derrick height of 110'; the Shed in the Corral Area and the Tack Shed will be razed.	11/19/2010 2:05:11 PM
Permit	Attached Request for Location Exception and called Operator to change distance to nearest well, delete Spacing Order, Unit Acreage and Unit Configuration and request Rig Height. JLV	11/19/2010 12:55:12 PM
Permit	Called Operator request Well Location Exception. JLV	11/17/2010 10:41:54 AM
Permit	Surface Restoration Bond on file with SLB, per Tim Kelly. JLV	11/17/2010 10:22:29 AM
Permit	Emailed Tim Kelly at SLB for verification of Surface Restoration Bond. JLV	11/11/2010 1:51:43 PM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)