

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



DE ET OE ES

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:

2584347

Plugging Bond Surety

20030032

3. Name of Operator: KGH OPERATING COMPANY 4. COGCC Operator Number: 47200

5. Address: P O BOX 2235
City: BILLINGS State: MT Zip: 59103-2235

6. Contact Name: THOMAS M. HAUPTMAN Phone: (406)259-8509 Fax: (970)858-4163
Email: TKPRODUC@180COM.NET

7. Well Name: MEAGHER Well Number: 10-1H

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

9. Proposed Total Measured Depth: 10806

WELL LOCATION INFORMATION

10. QtrQtr: Lot 3 Sec: 10 Twp: 1S Rng: 104W Meridian: 6

Latitude: 39.975192 Longitude: -109.048658

Footage at Surface: 2436 feet ^{FNL/FSL} FSL 910 feet ^{FEL/FWL} FEL

11. Field Name: BLANCO Field Number: 6902

12. Ground Elevation: 6387 13. County: RIO BLANCO

14. GPS Data:

Date of Measurement: 09/15/2008 PDOP Reading: 2.1 Instrument Operator's Name: ROBERT KAY

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

Footage at Top of Prod Zone: ^{FNL/FSL} 2436 ^{FEL/FWL} FSL 618 ^{FNL/FSL} 750 ^{FEL/FWL} FEL
Sec: 11 Twp: 1S Rng: 104 Sec: 11 Twp: 1S Rng: 104
_W _W

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: 10 mi

18. Distance to nearest property line: 617 ft 19. Distance to nearest well permitted/completed in the same formation: 1835 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.)
MANCOS B	MNCSB			

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):
ATTACHMENT "A" (BMP's)

25. Distance to Nearest Mineral Lease Line: 5637 ft 26. Total Acres in Lease: 3681

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	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
SURF	12+1/4	9+5/8	32.3		600	205	600	0
1ST	8+3/4	7	23		5,862	620	5,862	0
1ST LINER	6+1/8	4+1/2	11.6	5050	10,805			

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

33. Comments No Conductor will be used.

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: THOMAS M. HAUPTMAN

Title: PRESIDENT Date: 8/31/2010 Email: TKPRODUC@180COM.NET

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: 1/25/2011

Permit Number: _____ Expiration Date: 1/24/2013

API NUMBER
05 103 11854 00

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

2) 7" CASING CEMENT TOP VERIFICATION BY CBL REQUIRED.

3) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1 MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1 MILE IS 000 FEET DEEP.

Attachment Check List

Att Doc Num	Name
1693733	WELL LOCATION PLAT
2584347	APD ORIGINAL
2584348	WELL LOCATION PLAT
2584349	TOPO MAP
2584350	DEVIATED DRILLING PLAN
2584351	SURFACE AGRMT/SURETY
2584352	LEGAL/LEASE DESCRIPTION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Corrected casing/cementing information has been requested from operator.	12/7/2010 11:55:49 AM
Permit	Received New Well Plat. Changed the distance from the wellhead to the Property line to 617'. Changed the distance from the bottom hole to the Mineral lease line 5637' per Lorne Prescott, Olsson Assoc.	11/16/2010 8:41:30 AM
Permit	Requested New Well Plat (current one has lat/longs for Top of Zone and doesn't have lat/longs for the bottom hole.) Request operator confirm the distance from the wellhead to the Property line? Request operator confirm the distance from the bottom hole to the Mineral lease line? Added "No Conductor will be used" to operator comments.	11/10/2010 11:20:40 AM
Permit	Correct distances from E/W given in phone conversation with Opr-Lorne. FreemanS 10/29/10	11/3/2010 9:08:33 AM
Permit	I received information from Opr - Lorne and have made corrections with his permission. However, Question #15, If the well is directional, still needs the footages for the top of the production zone. The first field (5600 FNL) is there but I still need the distance from the East or West Line.	10/26/2010 2:44:20 PM
Permit	From OPR: Based on the fact that Craig has left our organization and on our phone conference specific to the items listed below, I would like to request an additional week to prepare the responses. This would make the responses due by October 22, 2010. Thank you, Lorne sf	10/18/2010 4:15:31 PM
Permit	Failed due to the following: 1. Please provide the plugging bond which is required for a Fee/Fee Mineral & surface ownership. 2. I believe from your maps that this has the correct Lat/Long information, but please check it. 3. In answer #15 – If well is directional – you didn't give us the footage at the top of the production zone.	9/30/2010 4:26:55 PM

Total: 7 comment(s)

BMP

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

Total: 0 comment(s)