

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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Document Number:

2591891

Plugging Bond Surety

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 ☒

3. Name of Operator: PETROX RESOURCES INC

4. COGCC Operator Number: 69805

5. Address: P O BOX 2600

City: MEEKER State: CO Zip: 81641

6. Contact Name: MIKE CLARK Phone: (970)878-5594 Fax: (970)878-4489  
Email: BARB.PETROXCBM@GMAIL.COM

7. Well Name: FOSSET GULCH UNIT 9U Well Number: 2

8. Unit Name (if appl): FOSSET GULCH Unit Number: 068668X

9. Proposed Total Measured Depth: 4677

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 9 Twp: 34N Rng: 5W Meridian: N

Latitude: 37.209670 Longitude: -107.393880

Footage at Surface: 1263 feet FNL/FSL FNL 1505 feet FEL/FWL FEL

11. Field Name: IGNACIO BLANCO Field Number: 38300

12. Ground Elevation: 7291 13. County: ARCHULETA

14. GPS Data:

Date of Measurement: 10/28/2010 PDOP Reading: 3.0 Instrument Operator's Name: SCOTT WEIBE

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

Footage at Top of Prod Zone: FNL/FSL 1805 FNL 2133 FEL 2000 FSL 1000 FEL/FWL FWL  
Sec: 10 Twp: 34N Rng: 5W Sec: 10 Twp: 34N Rng: 5W

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: 450 ft

18. Distance to nearest property line: 1263 ft 19. Distance to nearest well permitted/completed in the same formation: 3400 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.)
FRUITLAND COALS	FRLDC			

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):  
TRACT 13 OF FOSSET GULCH UNIT, T34N-R5W SEE ATTACHMENT.

25. Distance to Nearest Mineral Lease Line: 350 ft 26. Total Acres in Lease: 12574

### 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	36	0	390	250	419	0
1ST	8+3/4	7	20	0	2,200	450	2,200	0
1ST LINER	6+1/4	4+1/2	11.6	2200	4,677	0		

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

33. Comments FGU 9U#2 WELL TO HAVE WHIPSTOCK LAT IN 7" CSG. PAD & ACCESS RDS HAVE BEEN CONSTRUCTED, VERT WELLBORE HAS BEEN DRILLED & CSGD, PIPELINE CONSTRUCTED. RESERVE PIT RECLAIMED, SIDETRACK WILL UTILIZE CLOSED LOOP SYSTEM, NO NEW DISTURBANCE, NO VARIANCE 306.D1.ALL. LOCATION ID: NOT IN A WILDLIFE RSO

34. Location ID: 320886

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: BARBARA J. VAUGHN

Title: ADMIN. ASST. Date: 12/16/2010 Email: BARB.PETROXCBM@GMAIL.

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: 2/4/2011

API NUMBER

05 007 06213 01

Permit Number: \_\_\_\_\_ Expiration Date: 2/3/2013

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.**

- ) Provide 48 hour notice of spud to COGCC field inspector Leslie Melton (970) 375-6419 or les.melton@state.co.us
- 2) Provide cement coverage of production casing from TD to surface. Verify cement coverage with Cement Bond Log.
- 3) Run and submit Directional Survey from TD to kick-off point
- 4) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.
- 5) Sample and test two closest water wells within 1/4 mile swath of the directional wellbore.
- 6) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales
- 7) Comply with all applicable provisions of Order 112-185

1. Fruitland Outcrop Reconnaissance – continue participation in the Fruitland Outcrop Reconnaissance monitoring, including on an every 3 year basis (e.g. 2008, 2011, etc), a low altitude, high-resolution aerial photography will be used to map the vegetation along the Fruitland Formation in those sections of land in T34N R5W, South of Ute Line (SUL) and Sections 9, 13, 14, 15, and 16 in T34N R5W, North of Ute Line (NUL) in which the Fruitland Formation outcrops. This work will coincide with and be tied into similar work conducted in La Plata County under Orders 112-156 and 112-157. Once the aerial IR imagery is reviewed, “suspect” areas requiring further field investigation will be identified. Using a GPS and the IR imagery the suspect areas will be located and surveyed for the presence or absence of methane, carbon monoxide, and hydrogen sulfide WHERE ACCESS IS GRANTED BY THE LANDOWNER. If methane seeps or seeps of other gases from the outcrop of the Fruitland Formation are identified, then Petrox shall develop a plan for mapping the seeps in detail and monitoring the seeps to identify any changes in extent of impacted area, and volume, concentration, composition, and stable isotope ratios. In addition, Petrox shall attempt to identify the cause of the changes.

2. Fruitland Outcrop Spring Survey – continue participation in the regional reconnaissance survey to identify all springs that emanate from or that appear to emanate from the outcrop of the Fruitland Formation in T34N R5W SUL and Sections 9, 13, 14, 15, and 16 in T34N R5W NUL shall be surveyed WHERE ACCESS IS GRANTED BY THE LANDOWNER, including accurately locating each spring using GPS or other land survey technology. Thereafter these springs shall be visited on an annual basis at approximately the same time of the year as the 2005 survey. Three springs owned by the Candelarias', one located in the SWSE Section 13 T34N R5W, SUL, one located in the SWNW Section 14 T34N R5W SUL, and one located in NWNE Section 15 T34N R5W SUL, shall be included in this annual survey. At a minimum, methane concentration, water chemistry, and flow rate shall be tested and measured. Copies of all test results shall be provided to the COGCC and the landowner within 3 months of collecting the samples used for the tests.

3. IF ACCESS IS GRANTED BY THE LANDOWNER, the crawl spaces of the two houses located at 6551 FS Road 613 (Fosset Gulch Road) in Section 24 T34N R5W SUL shall be monitored one time per year. In addition a soil gas survey shall be conducted around the outside of the two houses one time per years to test for the presence of flammable gas including methane. Copies of all monitoring results shall be provided to the COGCC and the landowner within 3 months of conducting the monitoring.

4. Ground Water Monitoring Program – On an annual basis Petrox will monitor private water wells in those sections of land in T34N R5W SUL and Sections 9, 13, 14, 15, and 16 in T34N R5W, NUL WHERE ACCESS IS GRANTED BY THE LANDOWNER in which the Fruitland Formation outcrops following the parameters established in COGCC Orders 112-156 and 112-157. Prior to start up of any drilling activities, Petrox shall provide the COGCC with a list of all tested water wells, the analytical results, and the locations surveyed using GPS or other accurate method. Copies of all test results shall be provided to the COGCC and the landowner within 3 months of collecting the samples used for the test.

5. Produced Water Limitations – Petrox shall limit water production to less than 100 barrels of water per day per well. Once the wells are online and producing and drilling and completion fluids have been removed from the wells, Petrox shall collect one water sample from each well and analyze these samples for major anions and cations, TDS, pH, conductivity, and other parameters as appropriate. These data shall be provided to the COGCC within 3 months of sample collection by Petrox.

6. Post Completion Pressure Build-Up Test – after completion and prior to sales a bottom hole pressure measurement must be made using a bottom hole gauge after a 48 hour shut-in period. Petrox shall submit these data via form 13 to the COGCC within one month of conducting each test.

7. Plugged and Abandoned Wells - Petrox shall attempt to identify all plugged and abandoned ("P&A") wells located within one mile of a proposed well location. Any P&A well within one mile of a proposed well that is identified shall be assessed for risk taking into account cementing practices reported in the P&A. The operator shall notify the Director of the risk assessment of plugging procedures. The Director shall review the risk assessment and take appropriate action to pursue further investigation and remediation if warranted.

8. Emergency Preparedness Plan (EPP) – Petrox shall submit an EPP to Archuleta County. The EPP shall include as-built facilities maps showing the location of wells, pipelines, and other facilities, except control valve locations that may be held confidential. The EPP shall include an emergency personnel contact list, that must be updated whenever the contact information changes.

### Attachment Check List

Att Doc Num	Name
2591891	APD ORIGINAL
2591892	WELL LOCATION PLAT
2591893	DEVIATED DRILLING PLAN
2591894	LEGAL/LEASE DESCRIPTION
2591895	OTHER

Total Attach: 5 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	PERMITTING PASSED- JLV	2/4/2011 4:23:25 PM
Permit	Federal Land? Unit? add Loc Id# JLV	1/19/2011 5:20:27 PM

Total: 2 comment(s)

### BMP

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

Total: 0 comment(s)