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|---|---|---|---|--------------------------------------|
| 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: | | | Document Number: 400143324 Plugging Bond Surety 20100085 | |
| 1. <input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recomplete and Operate | | | | |
| 2. TYPE OF WELL OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/> | | | Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/> | |
| 3. Name of Operator: <u>LARIO OIL & GAS COMPANY</u> | | 4. COGCC Operator Number: <u>49888</u> | | |
| 5. Address: <u>PO BOX 29</u> City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80201</u> | | | | |
| 6. Contact Name: <u>Christopher Noonan</u> Phone: <u>(303)820-4480</u> Fax: <u>(303)820-4124</u> Email: <u>bob@banko1.com</u> | | | | |
| 7. Well Name: <u>Grimm</u> | | Well Number: <u>34-4H</u> | | |
| 8. Unit Name (if appl): _____ | | Unit Number: _____ | | |
| 9. Proposed Total Measured Depth: <u>12115</u> | | | | |
| WELL LOCATION INFORMATION | | | | |
| 10. QtrQtr: <u>NENW</u> Sec: <u>34</u> Twp: <u>4S</u> Rng: <u>64W</u> Meridian: <u>6</u> Latitude: <u>39.665610</u> Longitude: <u>-104.542120</u> | | | | |
| Footage at Surface: <u>260</u> feet <u>FNL</u> <u>1320</u> feet <u>FWL</u> <small style="margin-left: 100px;">FNL/FSL</small> <small style="margin-left: 100px;">FEL/FWL</small> | | | | |
| 11. Field Name: <u>Wildcat</u> | | Field Number: <u>99999</u> | | |
| 12. Ground Elevation: <u>5751</u> | | 13. County: <u>ARAPAHOE</u> | | |
| 14. GPS Data: Date of Measurement: <u>03/11/2011</u> PDOP Reading: <u>1.2</u> Instrument Operator's Name: <u>K. Daley</u> | | | | |
| 15. If well is <input type="checkbox"/> Directional <input checked="" type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan. Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL <u>649</u> <u>FNL</u> <u>1980</u> <u>FWL</u> <u>650</u> <u>FSL</u> <u>660</u> <u>FWL</u> Sec: <u>34</u> Twp: <u>4S</u> Rng: <u>64W</u> Sec: <u>34</u> Twp: <u>4S</u> Rng: <u>64W</u> | | | | |
| 16. Is location in a high density area? (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | |
| 17. Distance to the nearest building, public road, above ground utility or railroad: <u>990 ft</u> | | | | |
| 18. Distance to nearest property line: <u>260 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>5280 ft</u> | | | | |
| 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 | NBRR | | | |

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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):
Fee Lease D0065142: T4S R64W Sec 34: NW/4, N/2NE/4, SE/4NE/4. Fee Lease D0043215: T4S R64W Sec 34: S/2, SW/4NE/4
25. Distance to Nearest Mineral Lease Line: 260 ft 26. Total Acres in Lease: 640

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 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No
31. Mud disposal: Offsite Onsite **If 28, 29, or 30 are "Yes" a pit permit may be required.**
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 |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 20 | 16 | | 0 | 60 | 50 | 60 | 0 |
| SURF | 13+1/2 | 9+5/8 | 36 | 0 | 2,000 | 605 | 2,000 | 0 |
| 1ST | 9+3/4 | 7 | 23 | 0 | 6,865 | 585 | 6,865 | 0 |
| 1ST LINER | 6+1/4 | 4+1/2 | 11.6 | 6865 | 12,115 | 930 | 12,115 | 7,215 |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments BHL will be within a 50' radius of stated landing point, while remaining in a legal location from the section and mineral lease lines. The production tubing will be perforated and frac'ed in a legal location with the first perf sleeve set at ±8,230' MD.

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: Christopher A. Noonan
Title: Permit Agent Date: 3/18/2011 Email: bob@banko1.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. Neslin Director of COGCC Date: 4/21/2011
Permit Number: _____ Expiration Date: 4/20/2013

API NUMBER

05 005 07166 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) Provide 24 hr notice of spud to Jim Precup at 303-469-1902 or e-mail at jim.precup@state.co.us.
- 2) Set surface casing per Rule 317d, cement to surface. Setting surface casing less than the approved depth is a permit violation unless prior written approval is obtained from the COGCC.
- 3) If completed, provide cement coverage from the intermediate casing shoe to a minimum of 200' above Niobrara. Verify cement with a cement bond log.
- 4) If hole is abandoned with production liner cemented, then set 40 sks cement in casing at the intermediate casing shoe, cut off production casing above top of cement.
- 5) If dry hole without production liner, then set 40 sks cement in open hole 50' above Niobrara top.
- 6) With either 4 or 5 above, set 50 sks cement 1/2 out, 1/2 in surface casing, 10 sks cement top of surface casing, cut 4' below ground level, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.
- 7) 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 |
|-------------|------------------------|
| 400143324 | FORM 2 SUBMITTED |
| 400143640 | EQUIPMENT LIST |
| 400143641 | WELL LOCATION PLAT |
| 400143642 | ACCESS ROAD MAP |
| 400144258 | DEVIATED DRILLING PLAN |
| 400144259 | DEVIATED DRILLING PLAN |
| 400144260 | FORM 2A |
| 400144261 | DRILLING PLAN |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|--------------------------|
| Permit | This well will not need a pooling agreement. | 3/28/2011 11:23:30 AM |
| Permit | On hold Multiple leasehold makes up the well path. May need a pooling agreement. | 3/22/2011 5:57:12 AM |

Total: 2 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|-------------|----------------|
| | |

Total: 0 comment(s)