

**APPLICATION FOR PERMIT TO:**

1.  **Drill,**       Deepen,       Re-enter,       Recomplete and Operate

2. TYPE OF WELL

OIL       GAS       COALBED       OTHER \_\_\_\_\_

SINGLE ZONE       MULTIPLE       COMMINGLE

Refiling   
Sidetrack

Document Number:  
2587251

PluggingBond SuretyID  
20080001

3. Name of Operator: GOSNEY & SONS INC      4. COGCC Operator Number: 34725

5. Address: P O BOX 367  
City: BAYFIELD      State: CO      Zip: 81122

6. Contact Name: MATT BARNETT      Phone: (970)884-9533      Fax: (970)884-0321  
Email: MATTB@GOSNEYCO.COM

7. Well Name: KELSALL 33-7      Well Number: 4-1

8. Unit Name (if appl): \_\_\_\_\_      Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 3283

**WELL LOCATION INFORMATION**

10. QtrQtr: NENW      Sec: 4      Twp: 33N      Rng: 7W      Meridian: N  
Latitude: 37.137130      Longitude: -107.614310

Footage at Surface:      1089      feet      FNL      2588      feet      FWL

11. Field Name: IGNACIO BLANCO      Field Number: 38300

12. Ground Elevation: 6701      13. County: LA PLATA

14. GPS Data:  
Date of Measurement: 06/01/2011      PDOP Reading: 6.0      Instrument Operator's Name: STEVEN C MCCORMACK PLS

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

Footage at Top of Prod Zone:      FNL/FSL      FEL/FWL      Bottom Hole:      FNL/FSL      FEL/FWL

736      FNL      2071      FWL      680      FNL      1980      FWL

Sec: 4      Twp: 33N      Rng: 7W      Sec: 4      Twp: 33N      Rng: 7W

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: 630 ft

18. Distance to nearest property line: 198 ft      19. Distance to nearest well permitted/completed in the same formation: 1886 ft

**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 COAL	FRLDC	112-190	320	N/2

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):

NW/4 EAST OF THE CENTER OF THE PINE RIVER, NW/4NE/4 SECTION 4, T33N, R7W, NMPM - SEE ATTACHED MAP.

25. Distance to Nearest Mineral Lease Line: 710 ft 26. Total Acres in Lease: 172

### 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
SURF	12+1/4	8+5/8	24		500	360	500	0
1ST	7+7/8	5+1/2	17		3,260	575	3,260	0

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

33. Comments SEE ATTACHMENT REGARDING DRILL UNIT CHANGE. THERE ARE NO VISIBLE IMPROVEMENTS WITHIN 200' OF WELLHEAD.

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: MATTHEW BARNETT

Title: SECRETARY Date: 7/11/2011 Email: MATTB@GOSNEYCO.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. Nash Director of COGCC Date: 8/14/2011

#### API NUMBER

05 067 09866 00

Permit Number: \_\_\_\_\_ Expiration Date: 8/13/2013

#### 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.

- 1) Provide 48 hour notice of spud to COGCC to M. Weems @ 970-259-4587 or mark.weems@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 112-190
- 8) The depth of the deepest water well within a mile radius is 440' (elev=6725')

### **Attachment Check List**

Att Doc Num	Name
2587251	APD ORIGINAL
2587252	WELL LOCATION PLAT
2587253	MINERAL LEASE MAP
2587254	SURFACE AGRMT/SURETY
2587255	DEVIATED DRILLING PLAN
2587256	WAIVERS
2587257	CORRESPONDENCE

Total Attach: 7 Files

### **General Comments**

<b><u>User Group</u></b>	<b><u>Comment</u></b>	<b><u>Comment Date</u></b>
Permit	Inserted plugging ID at operators request. SJF	7/13/2011 6:21:23 AM
Permit	No plugging bond ID. SJF	7/12/2011 1:49:18 PM

Total: 2 comment(s)

### **BMP**

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

Total: 0 comment(s)