

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:

400186233

PluggingBond SuretyID

20090133

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 ☐

3. Name of Operator: MINERAL RESOURCES, INC.

4. COGCC Operator Number: 57667

5. Address: PO BOX 328

City: GREELEY State: CO Zip: 80632

6. Contact Name: Collin Richardson Phone: (970)352-9446 Fax: (800)850-9334

Email: collin@mineralresourcesinc.com

7. Well Name: 4H Well Number: 5-7-31

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

9. Proposed Total Measured Depth: 8428

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 32 Twp: 6N Rng: 65W Meridian: 6

Latitude: 40.441670 Longitude: -104.695600

Footage at Surface: 1629 feet FNL/FSL 288 feet FEL/FWL

11. Field Name: Greeley Field Number: 32760

12. Ground Elevation: 4647 13. County: WELD

14. GPS Data:

Date of Measurement: 04/29/2011 PDOP Reading: 0.9 Instrument Operator's Name: Z. Waddle

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
739 FSL 2026 FEL 739 FSL 2026 FEL
Sec: 31 Twp: 6N Rng: 65W Sec: 31 Twp: 6N Rng: 65W

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: 240 ft

18. Distance to nearest property line: 233 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1737 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.)
J Sand	JSND	Unspaced	40	SWSE
Niobrara-Codell	NB-CD	407-87	80	W/2SE4

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):

See attached Oil and Gas Lease map.

25. Distance to Nearest Mineral Lease Line: 886 ft

26. Total Acres in Lease: 191

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	0	560	336	560	0
1ST	7+7/8	4+1/2	11.6	0	8,428	317	8,428	7,160

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

33. Comments No conductor casing will be set. Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Operator requests an exception location to 318Aa, 318Ac: Exception request and SUA attached.

34. Location ID: 423393

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: Dan Hull

Title: Senior Project Manager Date: 10/7/2011 Email: dan.hull@LRA-inc.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. Nesline

Director of COGCC Date: 11/1/2011

API NUMBER

05 123 34646 00

Permit Number: _____ Expiration Date: 10/31/2013

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.

Operator must meet water well sampling requirements as per Rule 318A.

- 1) Provide 24 hour notice of MIRU to Jim Precup via e-mail at jim.precup@state.co.us.
- 2) Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from the end of production casing to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.
- 4) At least two weeks prior to spud notice, the centralizer and cementing plans shall be submitted to the COGCC for review on a Form 4, Sundry Notice.
- 5) At least one well on the pad must have a complete set of open hole logs (Compensated Neutron, Dual Induction, Resistivity, etc.) run from TD to surface and submitted to the COGCC.
- 6) Four hours prior to running any casing, notification shall be provided to Ryan Hollinshead, COGCC Engineer at 303-894-2100 x5134.
- 7) Bradenhead pressures shall be taken 6, 12, 24 and 48 hours after cementing production casing and prior to stimulation of the well. Once stimulation is complete, the bradenhead pressure shall be recorded at 24 hours, at 48 hours and at one week post-stimulation. Bradenhead pressures greater than 100 psi must be immediately reported on a Form 17 to the COGCC, sent to the attention of Ryan Hollinshead.
- 8) All bradenhead pressures shall be monitored with a gauge that has a maximum reading of one thousand pounds per square inch (psi).
- 9) Circulation prior to cementing shall be done to accepted industry standards.

Attachment Check List

Att Doc Num	Name
2481225	SURFACE CASING CHECK
400186233	FORM 2 SUBMITTED
400209010	SURFACE AGRMT/SURETY
400209011	OIL & GAS LEASE
400209012	WELL LOCATION PLAT
400209015	LEASE MAP
400209018	DEVIATED DRILLING PLAN
400209726	EXCEPTION LOC REQUEST

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comment received; final review completed.	11/1/2011 9:23:17 AM
Permit	Changed proposed unit for objectives per C. Richardson	10/19/2011 9:47:58 AM

Total: 2 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	A closed loop system will be used for drilling fluids.

Total: 1 comment(s)