

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:
400161913

PluggingBond SuretyID
20080067

3. Name of Operator: VECTA OIL & GAS LTD 4. COGCC Operator Number: 10267

5. Address: 575 UNION BLVD #208
City: LAKEWOOD State: CO Zip: 80228

6. Contact Name: Mathew Goolsby Phone: (303)618-7736 Fax: (303)945-2869
Email: matgoolsby@vecta-denver.com

7. Well Name: Quandary Well Number: 23-26

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

9. Proposed Total Measured Depth: 6050

WELL LOCATION INFORMATION

10. QtrQtr: Lot 11 Sec: 26 Twp: 12s Rng: 46w Meridian: 6
Latitude: 38.975160 Longitude: -102.529240

Footage at Surface: 2014 feet FSL 2490 feet FWL

11. Field Name: wildcat Field Number: 99999

12. Ground Elevation: 4562 13. County: CHEYENNE

14. GPS Data:
Date of Measurement: 02/25/2011 PDOP Reading: 1.7 Instrument Operator's Name: Sally Pettibone

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

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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: 2490 ft

18. Distance to nearest property line: 114 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1 mi

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.)
Marmaton	MRTN			
Morrow	MRRW			
Spergen	SPGN			

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):

All the W/2 of Section 26, T12S, R46W, 6th PM

25. Distance to Nearest Mineral Lease Line: 114 ft 26. Total Acres in Lease: 320

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	400	250	400	0
1ST	7+7/8	5+1/2	15.5	0	5,915	205	5,915	4,200
	7+7/8	5+1/2	Stage Tool		3,550	380	3,550	0

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

33. Comments 1) The surface owner's signature is on the lease, and a Surface Use Agreement is also signed (attached). 2) A DV tool will be set at the Stone Corral and cement pumped to surface to protect Dakota & Cheyenne aquifers.

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: Mathew Goolsby

Title: VP-Operations Date: 6/7/2011 Email: matgoolsby@vecta-denver.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: 12/11/2011

API NUMBER

05 017 07711 00

Permit Number: _____ Expiration Date: 12/10/2013

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 24 hour notice of MIRU to Craig Quint at 719-767-8939 or e-mail at craig.quint@state.co.us.
- 2) If production casing is set provide cement coverage to at least 200' above the shallowest completed interval and 50' below to 50' above Cheyenne/Dakota interval (2840' - 2190' minimum). Verify with CBL. Proposed casing/cement is acceptable.
- 3) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the MRTN, 40 sks cement across any DST w/ show, 40 sks cement 50' below base of Cheyenne (2840' up), 40 sks cement 50' above top of Dakota (2190' up), 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Attachment Check List

Att Doc Num	Name
1792361	WAIVERS
1792362	WAIVERS
2568195	SURFACE CASING CHECK
400161913	FORM 2 SUBMITTED
400161922	WELL LOCATION PLAT
400161923	TOPO MAP
400174500	SURFACE AGRMT/SURETY

Total Attach: 7 Files

General Comments

User Group	Comment	Comment Date
Agency	Location exception is granted based on consent by surface owners to location and pooling declaration of pooling for the mineral interest to resolve the setback exception.	11/18/2011 3:51:33 PM
Permit	Declaration of Pooling received. Final review completed. BY	11/18/2011 1:04:38 PM
Permit	Bill- not sure how that got in there, but it should read "All the W/2 of Section 26, T12S, R46W, 6th PM" for a lease description. Thanks, Mathew D. Goolsby VP-Operations	11/16/2011 6:57:31 AM
Permit	The lease description states section 33, have requested review and clarification on leases in section 25. BY	11/14/2011 2:40:06 PM
Permit	Requested an update on the status of the voluntary pooling agreement from Mat Goolsby. BY	11/3/2011 8:26:43 AM
Permit	Bill- I was told last Friday that the last mineral owner has said he was signing the voluntary pooling agreement and mailing it back to us. But as of this moment I do not have it in hand. Mathew D. Goolsby VP-Operations	9/27/2011 2:02:51 PM
Permit	All the paper work is in the hands of the mineral owners for the voluntary pooling needed on this one. We're just waiting on the signed documents to come back now, then we can proceed with the permitting. There are 3 mineral owners involved, and a couple of them are out of state. 8/11/11 Mat Goolsby	8/24/2011 1:47:33 PM
Permit	Sent another email to Mathew Goolsby to ask the status on the "unit". 8/2/11 BY "Thanks. I can see the problem, and don't think a waiver is obtainable. What I think we need to do is form a 160 acre spacing unit in the center of the section, because the seismic indicates this spot as we attempted to permit is the the one with the best geological attributes. I'll work on getting a unit formed. Mathew Goolsby" 7/11/11	8/2/2011 10:28:52 AM
Permit	Supplied lease description doesn't include the proposed BHL. The 114' from nearest lease line doesn't comply with Rule 318 a.. Emailed Mathew Goolsby and placed ON HOLD. BY	7/7/2011 6:54:11 AM
Permit	Back to draft for SUA to be redacted. sf	6/10/2011 10:59:55 AM
Permit	Back to draft for change to Qtr/Qtr (should be Lot 11) and to attach the SUA. sf	5/8/2011 7:50:29 AM

Total: 11 comment(s)

BMP

Type	Comment

Total: 0 comment(s)