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Document Number:
 400257307
 PluggingBond SuretyID
 19970026

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: MERIT ENERGY COMPANY 4. COGCC Operator Number: 56565
 5. Address: 13727 NOEL ROAD STE 500
 City: DALLAS State: TX Zip: 75240
 6. Contact Name: ARLENE VALLIQUETTE Phone: (972)628-1558 Fax: (972)628-1858
 Email: arlene.valliquette@meritenergy.com
 7. Well Name: WAILES Well Number: 33-8
 8. Unit Name (if appl): _____ Unit Number: _____
 9. Proposed Total Measured Depth: 7750

WELL LOCATION INFORMATION

10. QtrQtr: NWSE Sec: 8 Twp: 2S Rng: 63W Meridian: 6
 Latitude: 39.888480 Longitude: -104.458620
 Footage at Surface: 1978 feet FSL 1970 feet FEL
 11. Field Name: CHIEFTAIN Field Number: 11060
 12. Ground Elevation: 5197 13. County: ADAMS

14. GPS Data:
 Date of Measurement: 07/19/2006 PDOP Reading: 2.5 Instrument Operator's Name: DAVID L. SWANSON

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: 2799 ft
 18. Distance to nearest property line: 1970 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1165 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.)
J SAND	JSND	291-15	320	E/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):

SE/4 SEC 8, T2S, R63W

25. Distance to Nearest Mineral Lease Line: 656 ft 26. Total Acres in Lease: 160

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	770	400	770	0
1ST	7+7/8	4+1/2	11.6	0	7,750	1,000	7,750	0

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

33. Comments No conductor pipe will be set.

34. Location ID: 320557

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: ARLENE VALLIQUETTE

Title: REGULATORY MANAGER Date: 3/1/2012 Email: arlene.valliquette@meritenergy.

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: _____ Director of COGCC Date: _____

API NUMBER
05 001 09580 00

Permit Number: _____ Expiration Date: _____

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.

Attachment Check List

Att Doc Num	Name
400257307	FORM 2 SUBMITTED
400257311	PLAT
400257312	SURFACE AGRMT/SURETY
400257313	PROPOSED BMPs

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)

BMP

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

Total: 0 comment(s)