

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



Document Number:

400253389

Date Received:

02/22/2012

PluggingBond SuretyID

20110094

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: NATURAL RESOURCE GROUP INC4. COGCC Operator Number: 103695. Address: 1789 W LITTLETON BLVDCity: LITTLETON State: CO Zip: 801266. Contact Name: Brian Hedberg Phone: (303)797-5417 Fax: (303)797-5418Email: bhedberg@nrgcolo.com7. Well Name: Kayla Well Number: 1

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

9. Proposed Total Measured Depth: 2100

WELL LOCATION INFORMATION

10. QtrQtr: SENW Sec: 4 Twp: 34S Rng: 62W Meridian: 6Latitude: 37.112721 Longitude: -104.352004

Footage at Surface: 1872 feet FNL 1987 feet FWL
 FNL/FSL FEL/FWL

11. Field Name: Garcia Field Number: 2795012. Ground Elevation: 6452 13. County: LAS ANIMAS

14. GPS Data:

Date of Measurement: 01/19/2012 PDOP Reading: 6.0 Instrument Operator's Name: Gary L. Terry15. 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 ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 3375 ft18. Distance to nearest property line: 660 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1750 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.)
Greenhorn	GRNH			
Niobrara	NBRR			
Pierre	PRRE			
Timpas	TMPS			

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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):

Please see attached lease description.

25. Distance to Nearest Mineral Lease Line: 1872 ft

26. Total Acres in Lease: 3215

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: Air drilling - No Mud

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	12+1/2	10	26	0	20	50	20	0
SURF	8+7/8	7	17	0	400	150	430	0

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

33. Comments

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: Brian Hedberg

Title: General Counsel

Date: 2/22/2012

Email: bhedberg@nrgcolo.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:  Director of COGCC Date: 3/31/2012

API NUMBER

05 071 09909 00

Permit Number: _____ Expiration Date: 3/30/2014

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 MIRU to John Duran by e-mail at John.Duran@state.co.us. Indicate Spud Notice in the subject line and provide the following information: Operator Name, Well Name and Number, API #, Spud Date, Contact Name, Contact Phone #, Email Address. Submit Form 42 electronically after April 1 for spud notice.

Attachment Check List

Att Doc Num	Name
400253389	FORM 2 SUBMITTED
400253390	WELL LOCATION PLAT
400253392	MINERAL LEASE MAP
400253394	30 DAY NOTICE LETTER
400254196	TOPO MAP
400257088	SURFACE AGRMT/SURETY

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed.	3/27/2012 7:12:53 AM
Permit	Bill, We used the Road Access Map provided by the surveyor for this distance. I re-measured the distance from the Kayla to the point where the private road and County Road 12.5 intersect and 3,375 seems like the right distance. I did confirm that there is a power line running along CR 12.5, which would make the public utility approximately 3,385. Thanks, Brian	3/27/2012 7:12:18 AM
Permit	Conflicting distances between the form 2 and form 2A for the footages to the nearest surface feature. Emailed Brian Hedberg for clarification.	3/19/2012 6:12:10 AM
Permit	Operator corrected SS numbers and conductor pipe. This form has passed completeness.	3/2/2012 12:12:05 PM
Permit	Returned to draft. Missing conductor statement and SS numbers on lease.	2/24/2012 7:18:11 AM

Total: 5 comment(s)

BMP

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

Total: 0 comment(s)