

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:

400272319

Date Received:

04/17/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER and gas
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

PluggingBond SuretyID

19910030

3. Name of Operator: BLUE CHIP OIL INC

4. COGCC Operator Number: 8840

5. Address: 155 E BOARDWALK DR STE 400

City: FORT COLLINS State: CO Zip: 80525

6. Contact Name: Tim Hager Phone: (970)493-6456 Fax: ()

Email: bluechipoil@msn.com

7. Well Name: KW Well Number: 4

8. Unit Name (if appl): n/a Unit Number: n/a

9. Proposed Total Measured Depth: 8130

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 12 Twp: 6N Rng: 67W Meridian: 6

Latitude: 40.507810 Longitude: -104.833880

Footage at Surface: 396 feet FNL/FSL FNL 441 feet FEL/FWL FEL

11. Field Name: Severance Field Number: 77030

12. Ground Elevation: 4885 13. County: WELD

14. GPS Data:

Date of Measurement: 06/27/2008 PDOP Reading: 1.9 Instrument Operator's Name: Rod Edwards

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

Footage at Top of Prod Zone: FNL/FSL 1323 FNL 1312 FEL FEL Bottom Hole: FNL/FSL 1323 FNL 1312 FEL FEL
Sec: 12 Twp: 6N Rng: 67W Sec: 12 Twp: 6N Rng: 67W

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: 396 ft

18. Distance to nearest property line: 398 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 932 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		80	W/2 NE/4
Niobrara/Codell	NB-CD	407-87	80	W/2 NE/4

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):

T6N - R67W: Section 12: NE/4

25. Distance to Nearest Mineral Lease Line: 1312 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	710	400	710	0
1ST	7+7/8	4+1/2	11.6	0	8,130	260	8,130	6,790

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

33. Comments I certify all conditions of the permit are the same as the approved APD. No Conductor casing will be set. Twinning the KW #3 well.

34. Location ID: 333316

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: Joe Mazotti

Title: Agent for Blue Chip Date: 4/17/2012 Email: ogp-co@comcast.net

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

05 123 29267 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
400272319	FORM 2 SUBMITTED
400272366	TOPO MAP
400272369	DEVIATED DRILLING PLAN
400272370	30 DAY NOTICE LETTER
400272371	EXCEPTION LOC WAIVERS
400274317	PLAT

Total Attach: 6 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>
Construction	<p>BLUE CHIP OIL</p> <p>BEST MANAGEMENT PRACITCES SUMMARY</p> <p>Stormwater management plans (SWMP) are in place to ensure compliance with the Colorado Oil & Gas Conservation Commission and the Colorado Department of Health and Environment requirements. Blue Chip Oil utilizes sediment containment systems which include silt fencing, straw bales, berms, erosion control blankets, etc. BMP's used will vary according to site slopes, drainage patterns, and other site-specific conditions. A copy of the SWMP is kept in our office.</p> <p>Spill Prevention Plan is in place to address any spills associated with Blue Clip oil & gas operations.</p> <p>Any waste and trash will removed from the site for disposal. Routine maintenance will be limited to fueling and lubrication of equipment. Drip Pans will be used during fueling and maintenance to contain spills or leaks. Hay bales will be placed as sound barriers on locations that are close to residence as required.</p>
Final Reclamation	<p>BLUE CHIP OIL</p> <p>BEST MANAGEMENT PRACITCES FINAL RECLAMATION</p> <p>Spill Prevention Plan is in place to address any spills associated with Blue Clip oil & gas operations.</p> <p>Any waste and trash will removed from the site for disposal. Access road, well pad and tank berms will be maintained to industry standards. Tanks and production equipment will be inspected monthly, reports are available in Blue Chip Oil's office.</p>
Drilling/Completion Operations	<p>BLUE CHIP OIL</p> <p>BEST MANAGEMENT PRACITCES SUMMARY</p> <p>Stormwater management plans (SWMP) are in place to ensure compliance with the Colorado Oil & Gas Conservation Commission and the Colorado Department of Health and Environment requirements. Blue Chip Oil utilizes sediment containment systems which include silt fencing, straw bales, berms, erosion control blankets, etc. BMP's used will vary according to site slopes, drainage patterns, and other site-specific conditions. A copy of the SWMP is kept in our office.</p> <p>Spill Prevention Plan is in place to address any spills associated with Blue Clip oil & gas operations.</p> <p>Any waste and trash will removed from the site for disposal. Routine maintenance will be limited to fueling and lubrication of equipment. Drip Pans will be used during fueling and maintenance to contain spills or leaks. Hay bales will be placed as sound barriers on locations that are close to residence as required.</p>

Total: 3 comment(s)