

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:

400252080

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 INC

4. COGCC Operator Number: 10369

5. Address: 1789 W LITTLETON BLVD

City: LITTLETON State: CO Zip: 80126

6. Contact Name: Brian Hedberg Phone: (303)797-5417 Fax: (303)797-5418

Email: bhedberg@nrgcolo.com

7. Well Name: Largo Well Number: 1

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

9. Proposed Total Measured Depth: 1800

WELL LOCATION INFORMATION

10. QtrQtr: NENW Sec: 9 Twp: 34S Rng: 62W Meridian: 6

Latitude: 37.102948 Longitude: -104.351279

Footage at Surface: 173 feet FNL 2207 feet FWL

11. Field Name: Garcia Field Number: 27950

12. Ground Elevation: 6312 13. County: LAS ANIMAS

14. GPS Data:

Date of Measurement: 01/19/2012 PDOP Reading: 6.0 Instrument Operator's Name: Gary L. Terry

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: 1050 ft

18. Distance to nearest property line: 660 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1012 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.)
Greenhorn	GRNHN			
Niobrara	NBRR			
Pierre	PRRE			
Timpas	TMPS			

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):

Please see attached lease description.

25. Distance to Nearest Mineral Lease Line: 2687 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 This well was previously permitted by Energy Oil and Gas and that permit expired. The old API number for Largo 1 was 05-071-09652.

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

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: 4/24/2012

API NUMBER
05 071 09652 00

Permit Number: _____ Expiration Date: 4/23/2014

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
1792449	CORRESPONDENCE
1792464	CORRESPONDENCE
400252080	FORM 2 SUBMITTED
400252978	WELL LOCATION PLAT
400253167	MINERAL LEASE MAP
400253169	30 DAY NOTICE LETTER
400254122	TOPO MAP
400257072	SURFACE AGRMT/SURETY

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Brian Hedberg of Natural Resource Group Inc. has agreed to authorize the changing of this APD to be marked as a refile and accept the existing API # of 071-09652 of the expired permit that was 30' to the southeast of this proposed SHL.	4/23/2012 8:34:56 AM
Permit	on hold - permit may be a refile, distnace to lease line is uncertain	3/31/2012 8:31:27 AM
Permit	Final review completed.	3/27/2012 7:04:55 AM
Permit	I'm not sure where we got our distance on the lease line, but I agree that your figure is correct. We also agree to your change on line #19 for "completed". Thanks for the help, Brian	3/27/2012 7:03:02 AM
Permit	Distance to nearest lease line stated as 1872' but from provided lease map may be as much as 2344'. Also, the distance to nearest well closer to 1012' not the 2687' to the nearest "producer".	3/16/2012 11:18:53 AM
Permit	Operator corrected SS numbers and conductor pipe. This form has passed completeness.	3/2/2012 12:07:35 PM
Permit	Returned to draft. Missing conductor statement and SS numbers on lease.	2/24/2012 6:58:45 AM

Total: 7 comment(s)

BMP

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

Total: 0 comment(s)