

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:

400224192

Date Received:

03/01/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☐ GAS ☐ COALBED ☐ OTHER ☐ CO₂, horiz. #01
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☒

PluggingBond SuretyID

3. Name of Operator: KINDER MORGAN CO₂ CO LP

4. COGCC Operator Number: 46685

5. Address: 17801 HWY 491

City: CORTEZ State: CO Zip: 81321

6. Contact Name: Paul Belanger Phone: (970)882-2464 Fax: (970)882-5521

Email: Paul_Belanger@kindermorgan.com

7. Well Name: HB Well Number: 6

8. Unit Name (if appl): MCELMO DOME Unit Number: 047653X

9. Proposed Total Measured Depth: 10200

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 36 Twp: 38N Rng: 19W Meridian: N

Latitude: 37.512253 Longitude: -108.894078

Footage at Surface: 1138 feet FNL/FSL 2443 feet FEL/FWL
 FNL FEL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6317 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 10/21/2011 PDOP Reading: 1.7 Instrument Operator's Name: R.J. Caffey

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
 1138 FNL 2443 FEL 862 FSL 2459 FEL
 Sec: 36 Twp: 38N Rng: 19W Sec: 25 Twp: 38N Rng: 19W

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: 2838 ft

18. Distance to nearest property line: 182 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1340 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.)
Leadville	LDVLL			

21. Mineral Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian Lease #: COC

1713&11659

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. Is the Surface Owner also the Mineral Owner? ☐ Yes ☒ No Surface Surety ID#: 2008005123a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☐ No23b. 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):

VERTICAL PILOT ENTERS LEADVILLE IN LEASE COC 1713 (2034ac.); HORIZONTAL WELLBORE CONTINUE TO THE NORTH IN THIS SAME LEASE (COC1713) AND IF IT COMPLETES IN SECTION 25 as planned IT WILL ENTER LEASE COC11659 (560ac.); see attached lease map. Since the horizontal wellbore crosses another lease, nearest distance is zero feet.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 2594

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: de-water and cover

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	24	20		0	80	100	80	0
SURF	12+1/4	9+5/8	36	0	3,486	1,325	3,486	0
1ST	8+3/4	7	29&32	0	8,195	1,485	8,195	0
OPEN HOLE	4+3/4			8195				8,195

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

33. Comments This is the APD application for the horizontal wellbore drilled with a 4 3/4" bit OH as explained in the drilling plans attached. A Form 15 pit permit is being submitted for 2 pits: pit 1 for most of the cuttings will be left on-site, de-watered and covered; NO Salt section cuttings and muds expected in this horizontal wellbore. A KOP will be established from the vertical pilot after logging a 6" OH. The KOP is expected to be around 8260' and drilling to TD as a 4 1/4" OH that will then be completed per drilling plans. Conductor/surface and production casing described for the pilot hole APD docnum 400224191; re-entered here so this could be submitted. It is 4190' to the nearest LDVLL well the HE5 horizontal BHL

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: Paul E. Belanger

Title: Regulatory Contractor Date: 3/1/2012 Email: Paul_Belanger@KinderMorgan

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

05 083 06699 01

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 spud to COGCC inspector Steve Labowskie 970-259-0945 steve.labowskie@state.co.us
Provide the following information: Operator Name, Well Name and Number, API #, Spud Date, Contact Name, Contact Phone #, Email Address

2) The operator shall comply with Rule 321 and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.

3) Run and submit Directional Survey for primary well bore and for each lateral section

Attachment Check List

Att Doc Num	Name
400224192	FORM 2 SUBMITTED
400252035	WELL LOCATION PLAT
400252068	OTHER
400252069	H2S CONTINGENCY PLAN
400252070	DEVIATED DRILLING PLAN
400252072	DRILLING PLAN
400252171	LEASE MAP
400252190	DIRECTIONAL DATA

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Horizontal wellbore #01. Final review completed.	3/29/2012 6:41:14 AM
Permit	Distance to nearest surface feature is 2838' as per operator, distance to nearest well in same formation is 1340' as per operator.	3/29/2012 6:40:19 AM
Permit	Distance to the nearest surface feature is incorrect. Stated as 3600' but is closer to 2838' southsoutheast of the SHL. ON HOLD pending clarification of that distance. Distance to nearest well is incorrect, states 4190' but should be the distance to the HE 5 BHL which would make that distance 1340'. There was a transposition of the Minerals and Surface. It is Federal minerals and Fee surface as per Paul Belanger.	3/16/2012 8:20:20 AM
Permit	Erased typo on operator comments section per operator phone call.	3/1/2012 2:20:51 PM

Total: 4 comment(s)

BMP

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

Total: 0 comment(s)