

FORM

2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400259303

Date Received:

03/09/2012

PluggingBond SuretyID

20050122

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☒ GAS ☐ COALBED ☐ OTHER ☐ pilot
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☐3. Name of Operator: HILCORP ENERGY COMPANY4. COGCC Operator Number: 101335. Address: P O BOX 61229City: HOUSTON State: TX Zip: 772086. Contact Name: John McKnight Phone: (713)289-2755 Fax: (713)209-2478Email: jmcknight@hilcorp.com7. Well Name: Myers Well Number: 21-06CH

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

9. Proposed Total Measured Depth: 6660

WELL LOCATION INFORMATION

10. QtrQtr: Lot 3 Sec: 6 Twp: 14S Rng: 63W Meridian: 6Latitude: 38.865690 Longitude: -104.491510

Footage at Surface: 625 feet FNL 1980 feet FWL
 FNL/FSL FEL/FWL

11. Field Name: Wildcat Field Number: 9999912. Ground Elevation: 6340 13. County: EL PASO

14. GPS Data:

Date of Measurement: 02/24/2012 PDOP Reading: 1.1 Instrument Operator's Name: K.Daley15. 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: 2595 ft18. Distance to nearest property line: 625 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 716 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Niobrara | NBRR | | | |

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 ☐ 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):

See attached Lease description.

25. Distance to Nearest Mineral Lease Line: 625 ft

26. Total Acres in Lease: 1020

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: Closed Loop

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 | 17+1/2 | 16 | 0 | 0 | 40 | 0 | 40 | 0 |
| SURF | 13+1/3 | 10+3/4 | 40.50 | 0 | 1,600 | 550 | 1,600 | 0 |

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

33. Comments This Form 2 represents the vertical pilot hole which is attached to another Form 2 representing the horizontal leg being drilled from the same bore hole and is also attached to a Form 2A.

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: Chris F. McRickard

Title: Permit Agent Date: 3/9/2012 Email: chris@banko1.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: 5/17/2012

API NUMBER

05 041 06072 00

Permit Number: _____ Expiration Date: 5/16/2014

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 prior to spud via Form 42.
- 2) Plug back pilot hole: Set 40 sx cement 50' above Niobrara.

Attachment Check List

| Att Doc Num | Name |
|-------------|-------------------------|
| 1698858 | DRILLING PLAN |
| 2331964 | SURFACE CASING CHECK |
| 400259303 | FORM 2 SUBMITTED |
| 400259335 | TOPO MAP |
| 400259340 | DEVIATED DRILLING PLAN |
| 400260126 | DRILLING PLAN |
| 400260129 | LEGAL/LEASE DESCRIPTION |
| 400260132 | PLAT |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|-------------------------|
| Permit | Final Review passed 5/15/2012 NKP | 5/15/2012 9:33:20 AM |
| Permit | Per opr: . Both of the vertical portions of these wells will be plugged backed as planned and will produce 716 feet from the BHL of the vertical well bores according to the horizontal well surveys submitted to the COGCC. Revised casing program submitted 4/20/2012 is the planned program. Correct distance to nearest lease line is 625 feet. | 5/15/2012 8:02:28 AM |
| Permit | Per opr, will submit new casing program at request of COGCC engineering. On hold awaiting that information. 4/19/2012 | 4/19/2012 2:25:05 PM |
| Permit | This location is included in Rule 318.a which specifies that productive interval must be at least 600 feet from the lease boundary and 1200 feet from other permitted/producing wells in the same formation. | 4/11/2012 6:04:28 PM |
| Permit | Per opr: distance to nearest property line is 625 feet. This land is not included in any spacing order. The unit configuration should be blank. 4/11/2012. | 4/11/2012 6:03:00 PM |
| Permit | Email to opr to verify distance to nearest property line, and unit configuration. 4/11/2012 NKP | 4/11/2012 7:21:07 AM |
| LGD | No comment per DKM. | 3/29/2012 2:49:36 PM |

Total: 7 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|-------------|----------------|
| | |

Total: 0 comment(s)