

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:

2237429

Date Received:

07/24/2012

PluggingBond SuretyID

20110010

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: KUENZLER & FLORA RESERVE COMPANY

4. COGCC Operator Number: 10299

5. Address: 3310 W AQUEDUCT AVE

City: LITTLETON State: CO Zip: 80123

6. Contact Name: JAKE FLORA Phone: (720)988-5375 Fax: ()

Email: JAKEFLORA@KFRCCORP.COM

7. Well Name: CHESNEE Well Number: 1

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

9. Proposed Total Measured Depth: 5800

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 7 Twp: 14S Rng: 44W Meridian: 6

Latitude: 38.850840 Longitude: -102.372080

Footage at Surface: 1980 feet FNL/FSL 676 feet FEL/FWL
 FNL FEL

11. Field Name: SPUR Field Number: 78800

12. Ground Elevation: 4274 13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 06/27/2012 PDOP Reading: 2.5 Instrument Operator's Name: KEITH WESTFALL

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: 676 ft

18. Distance to nearest property line: 676 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1320 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.)
MARMATON	MRTN			
MISSISSIPPIAN	MSSP	212-15		
TOPEKA	TOPK			

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):

NE4 & NENW 7, 14S, 44W, 6TH PM

25. Distance to Nearest Mineral Lease Line: 676 ft

26. Total Acres in Lease: 200

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: DRY AND BURY

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	17+1/2	13+3/8	54.5	0	400	400	400	0
1ST	7+7/8	5+1/2	15.5	0	5,800	250	5,800	3,900

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

33. Comments FORM 4 DOC # 2237438

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: JAKE FLORA

Title: DESIGNATED AGENT Date: 7/24/2012 Email: JAKEFLORA@KFRRCORP.CO

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: Matthew Lee Director of COGCC Date: 8/21/2012

API NUMBER

05 017 07723 00

Permit Number: _____ Expiration Date: 8/20/2014

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 electronic Form 42.
- 2) If production casing is set provide cement coverage to at least 200' above the shallowest completed interval or SHWNE whichever is shallower and stage cement Cheyenne/Dakota (2450'-1900' minimum). Run and submit CBL to verify cemented intervals.
- 3) If well is a dry hole set plugs at the following depths: 40 sks cement +/- 50' above the Mississippian, 40 sks cement +/- 50' above the Morrow, 40 sks cement +/- 50' above the Shawnee, 40 sks cement across any DST w/ show, 40 sks cement at 2450' up, 40 sks cement at 1900' up, 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface casing, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.
- 4) Monitor gas emissions during operations and comply with Reporting Hydrogen Sulfide (H2S) Notice to Operators (attached herein and posted on the COGCC website in Policies and on the homepage).

Attachment Check List

Att Doc Num	Name
1897750	OTHER
2237429	FORM 2 SUBMITTED
2237430	WELL LOCATION PLAT
2237431	MINERAL LEASE MAP
2532944	VARIANCE REQUEST
2532945	WAIVERS
2532946	SURFACE AGRMT/SURETY
2532964	WAIVERS

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	8/20/2012 11:48:15 AM
Permit	Operator has chosen to waive its request to seek expedited approval. Operator is requesting approval of the location and APD as soon as the 20 day comment period has expired.	8/20/2012 11:47:53 AM
Permit	Operator is requesting expedited approval. Request and waivers attached.	8/14/2012 9:38:29 AM
Permit	Location in an area that has historically higher levels of H2S.	3/7/2012 8:13:02 AM
Permit	Order 212-15 recinds order 212-1 (80 acre Miss. units)	3/7/2012 7:47:10 AM

Total: 5 comment(s)

BMP

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

Total: 0 comment(s)