

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:

400335156

Date Received:

10/10/2012

PluggingBond SuretyID

20000063

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: MULL DRILLING COMPANY INC

4. COGCC Operator Number: 61250

5. Address: 1700 N WATERFRONT PKWY B#1200

City: WICHITA State: KS Zip: 67206-6637

6. Contact Name: MARK SHREVE Phone: (316)264-6366 Fax: (316)264-6440

Email: MSHREVE@MULLDRILLING.COM

7. Well Name: APC-DOUG Well Number: 1-25

8. Unit Name (if appl): N/A Unit Number: N/A

9. Proposed Total Measured Depth: 5600

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 25 Twp: 16S Rng: 45W Meridian: 6

Latitude: 38.631760 Longitude: -102.406820

Footage at Surface: 825 feet FNL/FSL 1620 feet FEL/FWL FEL

11. Field Name: LOMA Field Number: 51350

12. Ground Elevation: 4294.88 13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 09/27/2012 PDOP Reading: 2.7 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: 4455 ft

18. Distance to nearest property line: 825 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 3060 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			
SHAWNEE	SHWNE			

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#: 20010165

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):

ALL OF SECTION 25-16S-45W, 6TH P.M.

25. Distance to Nearest Mineral Lease Line: 825 ft

26. Total Acres in Lease: 640

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 & 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	12+1/4	8+5/8	24	0	300	200	300	0
1ST	7+7/8	5+1/2	15.5	0	5,600	250	5,600	4,100
			Stage Tool	0	2,900	450	2,900	0

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

33. Comments No conductor casing will be set.

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: MARK SHREVE

Title: PRESIDENT/COO Date: 10/10/2012 Email: MSHREVE@MULLDRILLING.

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: 11/9/2012

API NUMBER

05 017 07732 00

Permit Number: _____ Expiration Date: 11/8/2014

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 hr notice prior to spud via electronic Form 42.
- 2) If production casing is set cement from TD to 200' above shallowest completed interval. Ensure cement coverage of Cheyenne & Dakota interval (2200' – 1500' minimum). Verify with CBL.
- 3) If well is a dry hole set the following plugs: 40 sks cement 50' above the Mississippian, 40 sks cement 50' above the Marmaton, 40 sks cement across any DST w/ show, 40 sks cement at 2050', 40 sks cement at 1400', 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface csg, cut 4 feet below GL, weld on plate, 5 sks cement in rat hole and mouse hole.

Attachment Check List

Att Doc Num	Name
2518054	H2S CONTINGENCY PLAN
400335156	FORM 2 SUBMITTED
400335379	WELL LOCATION PLAT
400335380	TOPO MAP
400335381	30 DAY NOTICE LETTER
400335477	30 DAY NOTICE LETTER

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	11/8/2012 1:35:59 PM
Engineer	11/7/12 - received H2S contingency plan and changed H2S anticipated box to yes per operator.	11/8/2012 11:47:18 AM
Engineer	Contacted operator regarding H2S anticipated and requirement for operations plan in accordance w/ Rule 607 if hydrogen sulfide gas in excess of one hundred (100) ppm can reasonably be expected to be encountered. Sent them copy of Policy - Reporting Hydrogen Sulfide (H2S) COGCC Rule 607 (04/13/2012)	11/5/2012 3:23:56 PM
Permit	The well location falls within an area that potentially may have higher than average levels of H2S gas.	11/1/2012 6:33:00 AM
Permit	Operator commented no conductor casing used and completed question no. 32. This form passed completeness.	10/14/2012 3:34:15 PM
Permit	Return to draft: 1. Conductor casing information is missing. If no conductor casing is used this must be noted in Operator Comments section. 2. Question No. 32 is incomplete.	10/11/2012 12:45:46 PM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Material Handling and Spill Prevention	<ul style="list-style-type: none"> During drilling/completion operations, storage areas graded towards pit During production operations, implementation of Spill Prevention, Control and Countermeasure Plan & daily inspection All stock and produced water tanks have secondary containment
General Housekeeping	<ul style="list-style-type: none"> Drilling and production operations conducted in safe, workmanlike manner. Safety expectations include good housekeeping. During drilling/completion operations, debris stored in caged container which is removed from the site. During production operations, the lease is inspected daily by MDC personnel.
Wildlife	<ul style="list-style-type: none"> Development and implementation of a Wildlife Management Plan if protected species are present

Construction	<ul style="list-style-type: none"> • Access road, well pad and pit disturbances minimized • Soils segregated by type to facilitate reclamation • Storm water controls deployed and routinely inspected
Interim Reclamation	<ul style="list-style-type: none"> • Debris and waste material removed • Areas not in use reclaimed promptly; pits closed using segregated material; well pad and other compacted surfaces ripped • Noxious weeds controlled
Pre-Construction	<ul style="list-style-type: none"> • Preparation of a Storm Water Pollution Prevention Plan. Acquisition of a Storm Water Discharge Permit • Consultation with the surface landowner or appointed agent • Finalize access routes • Finalize well pad location to minimize surface grade impacts • Finalize well pad layout to minimize disturbances • Develop wildlife management plan if protected species are present
Final Reclamation	<ul style="list-style-type: none"> • All equipment and debris removed • All remaining disturbed areas, including access roads, reclaimed • Noxious Weed Control Plan developed if appropriate
Planning	<ul style="list-style-type: none"> • Conduct Initial Site Assessment <ul style="list-style-type: none"> o Identification of nearby water bodies o Identification of vegetation types o Identification of protected wildlife species o Identification of potential access routes to minimize disturbances o Identification of nearby improvements
Site Specific	Per ephemeral stream 2,543 feet north east of proposed well pad – structural practices will be implemented at the site to minimize erosion and sediment transport. Practices may include but are not limited to: straw bales, wattles/sediment control logs, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, pipe slope drains, inlet protection, outlet protection, gabions, and temporary sediment basins.
Drilling/Completion Operations	<p>INCLUDES STRUCTURAL PRACTICES:</p> <ul style="list-style-type: none"> • Implement Storm Water Pollution Prevention Plan, including routine inspections and evaluation of effectiveness • Locate tank batteries at safe distance from public roadways and railhead • Full containment for stock tanks and separators • Installation of pipelines in common trenches when practical • Installation of pipelines at right angles to water bodies (drainages, wetlands, perennial water bodies) where practical
Storm Water/Erosion Control	<ul style="list-style-type: none"> • During drilling / completion operations, implementation of Storm Water Pollution Prevention Plan • Following drilling/completion operations, prompt reclamation of disturbed areas • During production operations, implementation of MDC's Post Construction Storm Water Management Program

Total: 11 comment(s)