

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:

2237758

Date Received:

10/22/2012

PluggingBond SuretyID

20120073

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: CHAMA OIL & MINERALS LLC

4. COGCC Operator Number: 10431

5. Address: PO BOX 50203

City: MIDLAND State: TX Zip: 79710

6. Contact Name: WILLIAM HEARD Phone: (432)683-8000 Fax: (432)683-8250

Email: BILL.HEARD@CHAMAOIL.COM

7. Well Name: WEIMER STATE 16-19-47 Well Number: 1P

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

9. Proposed Total Measured Depth: 6200

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 16 Twp: 19S Rng: 47W Meridian: 6

Latitude: 38.409690 Longitude: -102.677110

Footage at Surface: 600 feet FNL/FSL 660 feet FEL/FWL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4108 13. County: KIOWA

14. GPS Data:

Date of Measurement: 09/16/2012 PDOP Reading: 2.6 Instrument Operator's Name: r. gabriel

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: 5000 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 3 mi

LEASE, SPACING AND POOLING INFORMATION

Table with 5 columns: Objective Formation(s), Formation Code, Spacing Order Number(s), Unit Acreage Assigned to Well, Unit Configuration (N/2, SE/4, etc.)

21. Mineral Ownership: Fee State Federal Indian Lease #: 1895.12

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):

SECTION 16 (ALL), T-19-S, R-47-W

25. Distance to Nearest Mineral Lease Line: 600 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: _____

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	9+5/8	36	0	500	250	500	0
1ST	8+3/4	7	26	0	5,500	400	5,500	3,400
S.C. 1.1							1,500	1,000
2ND	6+1/8	4+1/2	13.5	0	9,100	0		

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

33. Comments NO CONDUCTOR TO BE SET ON THIS WELL. THE WEIMER STATE 16-19-47 #1P AND #1H ARE BEING DRILLED AT THE SAME LOCAION. THE #1P WILL BE A PILOT HOLE TO APPROX TD OF 6,200'. WELL WILL BE PLUGGED BACK AND #1H HORIZONTAL WILL BE DRILLED AS NOTED ON LOC PLT.

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: WILLIAM HEARD

Title: DRILLING ENGINEER Date: 10/8/2012 Email: BILL.HEARD@CHAMAOIL.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: 11/23/2012

API NUMBER

05 061 06881 00

Permit Number: _____ Expiration Date: 11/22/2014

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) Provide H2S drilling operations plan as required by Rule 607.b, prior to spud.
- 3) If production casing is set cement from TD to 200' above shallowest completed interval or 200' above Marmaton, whichever is shallower. Ensure cement coverage of Cheyenne & Dakota interval (1500' – 1000' minimum). Verify with CBL.
- 4) Plugback pilot hole with 40 sks cement at top of St. Louis and 40 sks cement across the Morrow top (kick off plug).
- 5) If well is a dry hole set the following plugs: 40 sks cement 50' above the St. Louis, 40 sks cement 50' above the Morrow, 40 sks cement 50' above the Marmaton, 40 sks cement across any DST w/ show, 40 sks cement at 1500', 40 sks cement at 1000', 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.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
2237758	FORM 2 SUBMITTED
2237759	WELL LOCATION PLAT
2237760	TOPO MAP
2237761	30 DAY NOTICE LETTER

Total Attach: 4 Files

General Comments

User Group	Comment	Comment Date
Permit	This permit is the pilot of a pilot/lateral drilling plan. Final review completed; no LGD or public comment received.	11/21/2012 12:04:49 PM
Engineer	Contacted operator regarding requirement for hydrogen sulfide drilling 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 copy of Policy - Reporting Hydrogen Sulfide (H2S) COGCC Rule 607 (04/13/2012) Operator responds same day that a DST was run on a well in section 15 (adjacent to this proposed well) which reported H2S. The amount was not reported on the completion form just that it was present. Chama will file an H2S operations plan according to Rule 607.b. Changed H2S anticipated to yes.	11/14/2012 1:23:10 PM
Permit	Contacted State Land Board. Operator in compliance with SLB.	11/14/2012 10:38:27 AM
Permit	The well location falls within an area that potentially may have higher than average levels of H2S gas.	11/1/2012 6:37:23 AM
Permit	This form passed completeness.	10/24/2012 12:54:12 PM
Data Entry	CHECK CASING STRING NAMES	10/23/2012 3:58:57 PM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	H2S operations plan

Total: 1 comment(s)