

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:

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Date Received:

06/26/2013

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: Roy Merrill Phone: (719)429-2225 Fax: (432)683-8250

Email: ROY.MERRILL@ME.COM

7. Well Name: LARSEN 28-15-48

Well Number: 1-P

8. Unit Name (if appl):

Unit Number:

9. Proposed Total Measured Depth: 6200

WELL LOCATION INFORMATION

10. QtrQtr: NENW Sec: 28 Twp: 15S Rng: 48W Meridian: 6

Latitude: 38.719058

Longitude: -102.787694

Footage at Surface: 600 feet FNL/FSL 1980 feet FEL/FWL
 FNL FWL

11. Field Name: WILDCAT

Field Number: 99999

12. Ground Elevation: 4257

13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 06/06/2013 PDOP Reading: 2.0 Instrument Operator's Name: C VAN MATRE

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: 600 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 7000 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.)
SPERGEN	SPGN			

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):

SECTION 28 (ALL), T-15-S, R-48-W

25. Distance to Nearest Mineral Lease Line: 600 ft

26. Total Acres in Lease: 646

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: SEE OPERATOR

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	240	500	0
OPEN HOLE	8+3/4			500	6,200			

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

33. Comments NO CONDUCTOR WILL BE USED. LARSEN 28-15-48 #1-P AND #1-H ARE BEING PERMITTED FOR THE SAME LOCATION. BOTH WILL BE DRILLED FROM THE SAME WELL BORE; ONLY ONE WELL BORE WILL BE ON LOCATION. 1-P WILL BE A VERTICAL PILOT HOLE DRILLED TO APPROXIMATE TD OF 6200'. WELL WILL BE PLUGGED BACK AND THE 1-H HORIZONTAL WILL BE DRILLED AS NOTED IN THE DIRECTIONAL PLAN. CLOSED LOOP DRILLING FLUID SYSTEM WILL BE USED. DE-WATERED CUTTINGS WILL BE PLACED IN THE CUTTINGS PIT. MUD DISPOSAL WILL BE ON-SITE BY PLACING IN CUTTINGS PIT AT END OF WELL (HORIZONTAL) AND ALLOWING SOLIDS TO SETTLE. FREE LIQUID WILL BE REMOVED AND SENT TO COMMERCIAL DISPOSAL, SOLIDS AND CUTTINGS WILL BE STABILIZED IN PIT. PIT CONTENTS WILL BE SAMPLED AND ANALYZED TO ENSURE COMPLIANCE WITH TABLE 910-1 CRITERIA PRIOR TO PIT CLOSURE. CHAMA REQUESTS THAT ALL DATA PERTAINING TO THIS WELL BE KEPT CONFIDENTIAL. H2S CONTINGENCY PLAN BEING PREPARED AND WILL BE SUBMITTED WHEN COMPLETE. CHAMA REQUESTS APD APPROVAL WITH CONDITION THAT H2S CONTINGENCY PLAN WILL BE SUBMITTED PRIOR TO SPUD.

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: PROJECT DRILLING ENGINEER

Date: 6/26/2013

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: _____

Director of COGCC

Date: 7/23/2013

API NUMBER

05 017 07758 00

Permit Number: _____

Expiration Date: 7/22/2015

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.

Operator will submit an H2S contingency plan to the COGCC as an attachment to a sundry. Plan must be submitted prior to spud.

- 1) Provide 48 hour notice prior to spud via electronic Form 42.
- 2) Plug back with 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above any DST w/ show.

Attachment Check List

Att Doc Num	Name
400424774	FORM 2 SUBMITTED
400439199	PLAT
400439201	TOPO MAP
400439202	30 DAY NOTICE LETTER

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	7/22/2013 1:02:54 PM
Permit	Operator has reported that H2S is anticipated and that a H2S contingency plan will be submitted prior to spud.	7/22/2013 12:26:55 PM
Permit	This permit is the pilot of a pilot/lateral drilling plan. Approval of this permit must precede the approval of the lateral in order that API sidetrack designations be correct.	7/22/2013 12:11:03 PM
Permit	Operator removed surface bond as right to construct.	7/2/2013 1:20:12 PM
Permit	Surface owner is the mineral owner but a separate individual surface bond was taken out on this well.	7/1/2013 12:32:37 PM
Permit	Passes completeness. H2S contingency plan is to be submitted prior to spud.	6/27/2013 9:39:48 AM

Total: 6 comment(s)

BMP

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