FORM 2 Rev 12/05

# State of Colorado
# Oil and Gas Conservation Commission

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Date Received: 06/26/2013

PluggingBond SuretyID 20120073

## APPLICATION FOR PERMIT TO:

1. [X] **Drill,** [ ] Deepen, [ ] Re-enter, [ ] Recomplete and Operate

2. TYPE OF WELL
OIL [X] GAS [ ] COALBED [ ] OTHER LATERAL
SINGLE ZONE [X] MULTIPLE [ ] COMMINGLE [ ]
Refiling [ ] Sidetrack [X]

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-H

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

9. Proposed Total Measured Depth: 9200

## WELL LOCATION INFORMATION

10. QtrQtr: NENW Sec: 28 Twp: 15S Rng: 48W Meridian: 6
Latitude: 38.719058 Longitude: -102.787694

| | | FNL/FSL | | FEL/FWL |
|---|---|---|---|---|
| Footage at Surface: | 600 feet | FNL | 1980 feet | 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 [X] Horizontal (highly deviated) **submit deviated drilling plan.**

| | FNL/FSL | | FEL/FWL | | | | |
|---|---|---|---|---|---|---|---|
| Footage at Top of Prod Zone: | 1000 | FNL | 1980 | FWL | Bottom Hole: | 600 FSL | 1980 FWL |
| | Sec: 28 | Twp: 15S | Rng: 48W | | Sec: 28 | Twp: 15S | Rng: 48W |

16. Is location in a high density area? (Rule 603b)? [ ] Yes [X] 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: [X] Fee [ ] State [ ] Federal [ ] Indian Lease #:

22. Surface Ownership: [X] Fee [ ] State [ ] Federal [ ] Indian

23. Is the Surface Owner also the Mineral Owner? [X] Yes [ ] No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? [X] 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 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? [X] Yes [ ] No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? [ ] Yes [X] No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? [ ] Yes [X] 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 [X] 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 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 5,700 | 400 | 5,700 | 3,400 |
| OPEN HOLE | 6+1/8 | | 0 | 5700 | 9,200 | | | |

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

33. Comments NO CONDUCTOR TO BE USED. LARSEN 28-15-48 #1-P (PILOT) AND #1-H (HORIZONTAL) ARE BEING PERMITTED FOR THE SAME LOCATION. ONLY ONE WELL BORE WILL BE ON LOCATION. THE 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. THE HORIZONTAL OPEN HOLE WILL BE TREATED AND TESTED. CLOSED LOOP MUD SYSTEM WILL BE USED. DE-WATERED CUTTINGS WILL BE PLACED IN 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 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 ? [X] 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: Matthew Lee **Director of COGCC** Date: 7/29/2013

**API NUMBER**
05 017 07758 01

Permit Number: Expiration Date: 7/25/2015

**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.<br>2) If production casing is set provide cement coverage from TD to at least 200' above the Spergen. Cement across Cheyenne/Dakota aquifers (minimum 2000' – 1200'). Verify with CBL.<br>3) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above any DST w/ show, 40 sks cement at 2000' up, 40 sks cement at 1200' up, 50 sks cement from 50' below surface casing shoe up into surface casing, 10 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole. |

## Attachment Check List

| Att Doc Num | Name |
|---|---|
| 400425149 | APD APPROVED |
| 400439205 | PLAT |
| 400439206 | TOPO MAP |
| 400439207 | 30 DAY NOTICE LETTER |
| 400439446 | DEVIATED DRILLING PLAN |
| 400439456 | DIRECTIONAL DATA |
| 400457309 | FORM 2 SUBMITTED |

Total Attach: 7 Files

### General Comments

| User Group | Comment | Comment Date |
|---|---|---|
| Permit | Final review completed; no LGD or public comment received. | 7/22/2013 1:03:38 PM |
| Permit | Operator has reported that H2S is anticipated and that a H2S contingency plan will be submitted prior to spud. | 7/22/2013 12:24:52 PM |
| Permit | This permit is the lateral of a pilot/lateral drilling plan and this permit should have a sidetrack<br>designation in the API number. Approval of this permit must follow the approval of the pilot in order that the wellbores have the correct sidetrack designation. | 7/22/2013 12:13:21 PM |
| Permit | Operator removed surface bond as right to construct. | 7/2/2013 1:19:32 PM |
| Permit | Surface owner is the mineral owner but a separate individual surface bond was taken out on this well. | 7/1/2013 12:35:05 PM |
| Permit | Passes completion. | 6/27/2013 9:34:10 AM |

Total: 6 comment(s)

## BMP

| Type | Comment |
|---|---|
| | |