

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:

1757370

Date Received:

07/01/2009

PluggingBond SuretyID

20060057

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: DIVERSIFIED OPERATING CORPORATION 4. COGCC Operator Number: 24461

5. Address: 15000 W 6TH AVE STE 102
City: GOLDEN State: CO Zip: 80401

6. Contact Name: TERRY CAMMON Phone: (303)384-9611 Fax: (303)384-9612
Email: TCAMMON@DOCCOLO.COM

7. Well Name: CHALK Well Number: 31-13

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

9. Proposed Total Measured Depth: 7050

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 31 Twp: 8N Rng: 59W Meridian: 6

Latitude: 40.613280 Longitude: -104.028450

Footage at Surface: 620 feet FNL/FSL 620 feet FEL/FWL
FSL FWL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4957 13. County: WELD

14. GPS Data:

Date of Measurement: 10/31/2008 PDOP Reading: 2.0 Instrument Operator's Name: NEAL MCCORMICK

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: 660 ft

18. Distance to nearest property line: 620 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1907 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| D SAND | DSND | | | |

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#: _____

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):

SW/4
 25. Distance to Nearest Mineral Lease Line: 660 ft 26. Total Acres in Lease: 160

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 | 8+5/8 | 24 | | 500 | 285 | 500 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 10.5 | | 7050 | 250 | 7050 | 5600 |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
 33. Comments NO CONDUCTOR CASING WILL BE USED.

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: TERRY CAMMON
 Title: PRESIDENT Date: 7/7/2009 Email: TCAMMON@DOCCOLO.COM

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: *David S. Neslin* Director of COGCC Date: 10/2/2009

API NUMBER
 05 123 30654 00 Permit Number: _____ Expiration Date: 10/1/2011

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.

Description

1) Provide 24 hr notice of spud to Colby Horton at 970-467-2517 or e-mail at colby.horton@state.co.us. 2) Note surface casing setting depth change from 400' to 500'. Increase cement coverage accordingly and cement to surface. Set surface casing per Rule 317d, setting surface casing less than the approved depth is a permit violation unless prior written approval is obtained from the COGCC. 3) If completed, provide cement coverage from TD to a minimum of 200' above D Sand. Verify coverage with cement bond log. 4) If dry hole, set 60 sks cement from 50' below D Sand base to 100' above D Sand top, 40 sks cement 50' above Niobrara top, 50 sks cement ½ out, ½ in surface casing, 10 sks cement top of surface casing, cut 4' below GL, weld on plate, 5 sks cement in rat hole 5 sks cement in mouse hole. Restore site per COGCC 1000 rules.

Attachment Check List

| Att Doc Num | Name |
|--------------------|-------------------------|
| 1691631 | CORRESPONDENCE |
| 1757370 | APD APPROVED |
| 1757377 | WELL LOCATION PLAT |
| 1757378 | 30 DAY NOTICE LETTER |
| 1759121 | LEGAL/LEASE DESCRIPTION |
| 1759407 | EXCEPTION LOC REQUEST |
| 1759408 | EXCEPTION LOC WAIVERS |
| 1813944 | SURFACE AGRMT/SURETY |
| 1940513 | SURFACE CASING CHECK |
| 400008053 | APD ORIG & 1 COPY |

Total Attach: 10 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|----------------|---------------------|
| | | |

Total: 0 comment(s)

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|---------------------|--------------------|
| | | |