

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:

400423804

Date Received:

05/24/2013

PluggingBond SuretyID

20010075

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☐ COALBED ☒ OTHER lower coal lateral
SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☒

Sidetrack ☐

3. Name of Operator: MARALEX RESOURCES, INC

4. COGCC Operator Number: 53255

5. Address: P O BOX 338

City: IGNACIO State: CO Zip: 81137

6. Contact Name: Naomi Azulai Phone: (970)563-4000 Fax: (970)563-4116

Email: naomi@maralex.com

7. Well Name: Jennie Rose Well Number: 3B

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

9. Proposed Total Measured Depth: 6007

WELL LOCATION INFORMATION

10. QtrQtr: NENW Sec: 3 Twp: 33N Rng: 7W Meridian: N

Latitude: 37.136850 Longitude: -107.599820

Footage at Surface: 1204 feet FNL 1531 feet FWL

11. Field Name: Ignacio Blanco Field Number: 38300

12. Ground Elevation: 6726 13. County: LA PLATA

14. GPS Data:

Date of Measurement: 03/05/2008 PDOP Reading: 3.0 Instrument Operator's Name: Nelson Ross

15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: 1193 FNL 1590 FWL 660 FNL 660 FEL
Sec: 3 Twp: 33N Rng: 7W Sec: 3 Twp: 33N Rng: 7W

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: 845 ft

18. Distance to nearest property line: 172 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 90 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.)
FRUITLAND COAL	FRLDC	112-193	314	S.3:N/2

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):

Sec.2-T33N-R7W: NWNW Sec.3-T33N-R7W: NENE, W/2NE, E2NW

25. Distance to Nearest Mineral Lease Line: 231 ft 26. Total Acres in Lease: 234

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

Method: ☐ Land Farming ☐ Land Spreading ☐ Disposal Facility Other: Evaporation/Burial

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 lb	0	500	250	500	0
2ND	8+3/4	7	20 lb	0	2610	325	2610	0
1ST LINER	6+1/4	4+1/2	10.5 lb	2400	6007			

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

33. Comments _____

34. Location ID: 333710

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: Naomi Azulai

Title: Production Technician Date: 5/24/2013 Email: naomi@maralexinc.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: Matthew Lee Director of COGCC Date: 3/4/2015

API NUMBER

05 067 09619 00

Permit Number: _____ Expiration Date: 3/3/2017

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

Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Rule 305.h (effective 9/30/2014).

- 1) Provide 48 hour notice via form 42
- 2) Run and submit Directional Survey for primary well bore and for each lateral section
- 3) The operator shall comply with Rule 321, and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.
- 4) Sample and test two closest water wells within 1/4 mile swath of lateral wellbore Fruitland Coal (horizontal dimension – top to bottom of pay).
- 5) Operators are required to obtain a bottom hole pressure utilizing a bottom hole gauge after a minimum 48 hour shut-in period following completion and prior to sales
- 6) Comply with all applicable provisions of Order 112-193
- 7) Borehole problems encountered while drilling that require an unplanned sidetrack: Contact, discuss & receive prior approval from COGCC Regional Engineer – Mark Weems
970-259-4587 off
970-749-0624 cell
mark.weems@state.co.us

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
1857339	SELECTED ITEMS REPORT
1857378	WELLBORE DIAGRAM
2518430	DEVIATED DRILLING PLAN
400423804	FORM 2 SUBMITTED
400423822	WELL LOCATION PLAT
400424775	TOPO MAP
400424782	DEVIATED DRILLING PLAN

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Off Hold. Ready for final approval.	3/4/2015 12:47:31 PM
Permit	Form remains ON HOLD pending enforcement actions against operator. Final review completed; no LGD or public comment received.	3/3/2014 6:40:37 AM
Permit	Changed distance to lease line to reflect lease rather than unit. Distance to another producing well to reflect top of production footage.	11/5/2013 7:01:51 AM
Permit	Operator verified that distance from the east line should be distance from the west line for top of production.	11/1/2013 4:40:26 AM
Permit	Top of production footage in the laterals is quite different. Waiting on verification.	10/31/2013 12:08:00 PM
Permit	Application and related Forms placed ON HOLD after conference with COGCC staff and Director concerning operator compliance. Forms to remain ON HOLD until active enforcement matters against operator are resolved by Commission action.	6/13/2013 12:09:49 PM
Engineer	1) This is a planned lateral for the Lower or Bottom Coal. 2) The original approved APD in 2008 expired and was for a slanted directional hole. 3) The operator will not be drilling a pilot hole for testing purposes and then plugging back. 4) The the motherbore will be continuous with the lower lateral. 5) The planned setting depth for the 7" csg is 2610' even though it varies between the planned directional surveys for the upper and lower coal. 6) The operator has submitted a master overall schematic depicting all wellbores, e. g. no pilot, will include separate laterals for lower coal, & upper coal. 7) All casings in the motherbore will be be cemented to surface.	6/12/2013 2:19:27 PM
Permit	Distance to the pooling/unit boundary is 660 feet.	6/6/2013 12:22:23 PM
Permit	Will operator use conductor casing?	3/6/2013 9:59:29 AM
Permit	This well will not require a pilot. This permit is the first lateral to be drilled and the second lateral will kick off from this lateral. Approval of this permit must precede the approval of the second lateral in order that API sidetrack designations be correct.	6/3/2013 12:06:25 PM
Permit	Top of production footage appears to be wrong. Asked for clarification	3/3/2013 9:29:59 AM
Permit	Is Maralex drilling a pilot hole.	3/3/2013 9:13:03 AM
Permit	This form has passed completeness.	5/29/2013 9:36:16 AM
Permit	Return to DRAFT as the "TOPO MAP" won't open and there is no Deviated Drilling plan or Directional Data template were not attached.	5/28/2013 10:44:03 AM
Permit	Returned to DRAFT. Requested operator submit this as a Refile as it has same lat/long as the AL. Thereby retaining the API # of 067-09619.	5/28/2013 7:19:41 AM

Total: 15 comment(s)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>