

FORM
2

Rev
12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE ZONE COMMINGLE ZONE

Refiling
Sidetrack

Document Number:

2557688

Plugging Bond Surety

20060057

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: BILL WARBURTON Phone: (303)384-9611 Fax: (303)384-9612
Email: WLW@DOCCOLO.COM

7. Well Name: BABB Well Number: 14-7

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

9. Proposed Total Measured Depth: 7000

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 14 Twp: 6N Rng: 61W Meridian: 6

Latitude: 40.489040 Longitude: -104.173980

Footage at Surface: 2361 FNL/FSL FNL 2118 FEL/FWL FEL

11. Field Name: DOLLEY Field Number: 17240

12. Ground Elevation: 4672 13. County: WELD

14. GPS Data:

Date of Measurement: 05/24/2010 PDOP Reading: 2.8 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: 2919 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation: 2180 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 | | 80 | NWSE, SWNE |
| J SAND | JSND | | 80 | NWSE, SWNE |

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 Bon \$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):
 WEST HALF OF THE EAST HALF OF SECTION 14 T6N R61W 6THPM

25. Distance to Nearest Mineral Lease Line: 600 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 27 or 28 are yes, is this location in a sensitive area (Rule 903)? Yes No **If 28, 29, or 30 are "Yes" a pit permit may be required.**

31. Mud disposal: Offsite Onsite

Method: Land Farming Land Spreading Disposal Facility Other: DRY AND BACKFILL

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 | Weight Per Foot | Setting Depth | Sacks Cement | Cement Bottom | Cement Top |
|-------------|--------------|----------------|-----------------|---------------|--------------|---------------|------------|
| SURF | 11 | 8+5/8 | 24 | 400 | 200 | 400 | 0 |
| 1ST | 7+7/8 | 5+1/2 | 15.5 | 7,000 | 275 | 7,000 | 5,000 |

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

33. Comments **NO CONDUCTOR PIPE WILL BE USED TO DRILL SURFACE HOLE. OPERATOR REQUESTS APPROVAL FOR AN EXCEPTION LOCATION TO RULE 318Aa. WAIVER ATTACHED.**

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: BILL WARBURTON

Title: PETROLEUM ENGINEER Date: 6/4/2010 Email: WLW@DOCCOLO.COM

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: 7/11/2010

| |
|-------------------|
| API NUMBER |
| 05 123 31834 00 |

Permit Number: _____ Expiration Date: 7/10/2012

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.

COGCC ENG COA – SME

- 1) Provide 24 hr notice of spud to Bo Brown at 970-392-4124 or e-mail at bo.brown@state.co.us .
- 2) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) 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 surface location.

Attachment Check List

| Att Doc Num | Name | Doc Description |
|-------------|-----------------------|--------------------|
| 1725940 | SURFACE CASING CHECK | LF@2497715 1725940 |
| 2529169 | EXCEPTION LOC WAIVERS | LF@2503344 2529169 |
| 2529170 | EXCEPTION LOC REQUEST | LF@2503343 2529170 |
| 2557688 | APD ORIGINAL | LF@2486016 2557688 |
| 2557689 | WELL LOCATION PLAT | LF@2486017 2557689 |
| 2557690 | LOCATION PICTURES | LF@2486043 2557690 |
| 2557691 | LOCATION PICTURES | LF@2486044 2557691 |
| 2557692 | TOPO MAP | LF@2486045 2557692 |
| 2557693 | MINERAL LEASE MAP | LF@2486046 2557693 |
| 2557694 | OTHER | LF@2486019 2557694 |
| 2557695 | 30 DAY NOTICE LETTER | LF@2486018 2557695 |

Total Attach: 11 Files