

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:
2583333
Plugging Bond Surety
20050042

3. Name of Operator: MANZANO LLC 4. COGCC Operator Number: 10082

5. Address: P O BOX 2107
City: ROSWELL State: NM Zip: 88202

6. Contact Name: MIKE HANAGAN Phone: (575)623-1996 Fax: (575)625-2620
Email: MHANAGAN@QWESTOFFICE.NET

7. Well Name: MAGNINO 2 FEE Well Number: 1

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

9. Proposed Total Measured Depth: 10000

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 2 Twp: 30S Rng: 69W Meridian: 6
Latitude: 37.473695 Longitude: -105.079081

Footage at Surface: 330 FNL/FSL FNL 2311 FEL/FWL FEL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 7683 13. County: HUERFANO

14. GPS Data:

Date of Measurement: 07/07/2010 PDOP Reading: 6.0 Instrument Operator's Name: GARY L.TERRY

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 _____
2000 FNL 1000 FWL 2000 FNL 1000 FWL
Sec: 2 Twp: 30S Rng: 69W Sec: 2 Twp: 30S Rng: 69W

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: 240 ft

18. Distance to nearest property line: 330 ft 19. Distance to nearest well permitted/completed in the same formation: 5 mi

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.)
DAKOTA	DKTA	520-5	321	W/2
ENTRADA	ENRD	520-5	321	W/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 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):
SEE ATTACHED MINERAL OWNERSHIP SHEET

25. Distance to Nearest Mineral Lease Line: 1000 ft 26. Total Acres in Lease: 1204

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: _____

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
CONDUCTOR	17+1/2	13+3/8	48	40	20	40	0
SURF	12+1/4	9+5/8	36	1,000	500	1,000	0
1ST	8+3/4	7	26	10,000	800	10,000	0

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

33. Comments **PLAN TO DRILL 12.25" HOLE WITH FRESH WATER MUD SYSTEM 100' INTO PIERRE SHALE & SET CEMENT 9.625" SURFACE CASING & THEN DRILL 8.75" HOLE TO TD WITH OIL BASE MUD SYSTEM - ALL OPERATIONS WILL BE IN CLOSED LOOP SYSTEM WITH NO EARTHEN PITS.**

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: MIKE HANAGAN

Title: MANAGER Date: 7/14/2010 Email: MHANAGAN@QWESTOFFICE

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: 9/2/2010

API NUMBER
05 055 06306 00

Permit Number: _____ Expiration Date: 9/1/2012

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.

- 1) Provide 48 hour notice of MIRU to John Duran at 719-846-4715 or e-mail john.duran@state.co.us.
- 2) Do not use oil base mud until after surface casing is set and then use closed loop system as per line 33 Comments of APD.
- 3) Ensure cement coverage of production casing to 200' above Dakota. Cement must isolate the Entrada and Dakota from each other and from other formations. Verify coverage with cement bond log.
- 4) Immediately cease operations and notify the COGCC in the event of any operational problem that could impact water wells or surface water in the area.
- 5) If dry hole set the following plugs: 40 sks cement 50' above the Entrada, 40 sks cement 50' above the Dakota, 40 sks cement above any DST zone, 60 sks cement from 50' below to 50' above 9 5/8" casing shoe, 15 sks cement at top of 9 5/8" csg, cut casing 4-ft below GL, weld on plate, 5 sks cement in rat hole and mouse hole.
- 6) Comply with Rule 321. Run and submit directional survey from TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator will not rig up for the initial drilling of the well prior to the power line relocation. The power line shall be located no less than 1 1/2 times the height of the derrick from the proposed well.

Attachment Check List

Att Doc Num	Name	Doc Description
2510170	SURFACE CASING CHECK	LF@2525953 2510170
2583333	APD ORIGINAL	LF@2512663 2583333
2583334	WELL LOCATION PLAT	LF@2512664 2583334
2583335	TOPO MAP	LF@2512668 2583335
2583336	MINERAL LEASE MAP	LF@2512665 2583336
2583337	30 DAY NOTICE LETTER	LF@2512667 2583337
2583338	DEVIATED DRILLING PLAN	LF@2512666 2583338
2586352	CORRESPONDENCE	LF@2534924 2586352

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	PERMITTING PASSED	9/2/2010 1:49:13 PM
Permit	Rec. approval from Operator to change QTR QTR from NWNE to Lot 2 and add well name to Forms Related	9/2/2010 11:35:51 AM
Permit	Received emial dated 8/13/10 from Mike Hanagan, Manzano LLC. Stating "actual footage to the power line after it has been relocated will be 240' from the wellhead. San Isabel Electric Association will have the power line moved by August 27, 2010."	8/30/2010 12:33:11 PM

Total: 3 comment(s)

Error: Subreport could not be shown.