

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:
400096972
Plugging Bond Surety
20100193

3. Name of Operator: VAL ENERGY INC 4. COGCC Operator Number: 100679

5. Address: 200 WEST DOUGLAS #520
City: WICHITA State: KS Zip: 67202

6. Contact Name: Jack Fincham Phone: (303)906-3335 Fax: (303)798-1987
Email: fincham4@msn.com

7. Well Name: Dunlap Well Number: # 1

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

9. Proposed Total Measured Depth: 5500

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 9 Twp: 17S Rng: 48W Meridian: 6
Latitude: 38.594450 Longitude: -102.788400

Footage at Surface: 1980 FNL/FSL FNL 660 FEL/FWL FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 4246.61 13. County: KIOWA

14. GPS Data:

Date of Measurement: 09/28/2010 PDOP Reading: 2.2 Instrument Operator's Name: Keith Westfall

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: 660 ft 19. Distance to nearest well permitted/completed in the same formation: 5280 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.)
Morrow	MRRW			
St Louis-Spergen	STLSP			

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#: 20100194

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):
All, Sec. 9, T17S, R48W

25. Distance to Nearest Mineral Lease Line: 660 ft 26. Total Acres in Lease: 640

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: Backfill when dry

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	17+1/4	13+3/8	54.5#	450	300	450	0
1ST	7+7/8	5+1/2	15.5#	5,500	150	5,500	4,000

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: Jack M. Fincham

Title: Agent Date: 10/4/2010 Email: fincham4@msn.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. Nashin Director of COGCC Date: 10/27/2010

API NUMBER
05 061 06851 00

Permit Number: _____ Expiration Date: 10/26/2012

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 24 hour notice of MIRU to Mike Craig Quint at 719-767-8939 or e-mail at craig.quint@state.co.us.
- 2) Ensure coverage to at least 200' above the Morrow and 50' below to 50' above Cheyenne/Dakota (1610' – 1000'). Run CBL to verify.
- 3) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the Morrow, 40 sks cement across any DST w/ show, 40 sks cement 50' below base of Cheyenne (1610' up), 40 sks cement 50' above top of Dakota (1000' 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	Doc Description
2512830	SURFACE CASING CHECK	LF@2610097 2512830
400096972	FORM 2 SUBMITTED	LF@2597807 400096972
400097356	WELL LOCATION PLAT	LF@2597808 400097356
400097360	30 DAY NOTICE LETTER	LF@2597810 400097360
400097362	WAIVERS	LF@2597811 400097362
400097367	PROPOSED BMPs	LF@2597813 400097367

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	Drilling contractor Black Gold (Bob Cliesen) and Operator (Todd Allam) called 10/26/10 to request to reduce from 450' to 200' of surface casing using a caisson rig. Engineering reviewed and denied based on well control. Called operator and left message for Todd. Called Bob and he agreed to stay with the original plan. (10/27/10 - jds)	10/26/2010 3:16:39 PM
Permit	PERMITTING PASSED	10/22/2010 8:37:41 AM
Permit	Ready to Pass, change Single Zone to Multiple Zone per two Objective Formations called Jack left msg.	10/6/2010 12:41:25 PM
Permit	Add cmt tops per Operator	10/6/2010 8:19:38 AM

Total: 4 comment(s)

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