

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		DE ET OE ES	
APPLICATION FOR PERMIT TO:			Document Number: 2530299 Plugging Bond Surety 20100089	
1. <input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recomplete and Operate				
2. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/>			Refiling <input checked="" type="checkbox"/> Sidetrack <input type="checkbox"/>	
3. Name of Operator: <u>DECLAR OIL & GAS INC</u>		4. COGCC Operator Number: <u>23320</u>		
5. Address: <u>13500 RD 'W'</u> City: <u>WELDONA</u> State: <u>CO</u> Zip: <u>80653</u>				
6. Contact Name: <u>LEWIS CAMP</u> Phone: <u>(970)590-3332</u> Fax: <u>()</u> Email: <u>LAM53@MSN.COM</u>				
7. Well Name: <u>NELSON</u>		Well Number: <u>5-31</u>		
8. Unit Name (if appl): _____		Unit Number: _____		
9. Proposed Total Measured Depth: <u>7650</u>				
WELL LOCATION INFORMATION				
10. QtrQtr: <u>NWNE</u> Sec: <u>5</u> Twp: <u>4N</u> Rng: <u>67W</u> Meridian: <u>6</u> Latitude: <u>40.347240</u> Longitude: <u>-104.912850</u>				
Footage at Surface: <u>658</u> feet <small>FNL/FSL</small> <u>FNL</u> <u>1819</u> feet <small>FEL/FWL</small> <u>FEL</u>				
11. Field Name: <u>JOHNSTOWN</u>		Field Number: <u>42600</u>		
12. Ground Elevation: <u>4819</u>		13. County: <u>WELD</u>		
14. GPS Data: Date of Measurement: <u>02/15/2011</u> PDOP Reading: <u>2.3</u> Instrument Operator's Name: <u>C. VANMATRE</u>				
15. If well is <input type="checkbox"/> Directional <input type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan. Footage at Top of Prod Zone: <small>FNL/FSL</small> _____ <small>FEL/FWL</small> _____ Bottom Hole: <small>FNL/FSL</small> _____ <small>FEL/FWL</small> _____ _____ Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____				
16. Is location in a high density area? (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
17. Distance to the nearest building, public road, above ground utility or railroad: <u>635 ft</u>				
18. Distance to nearest property line: <u>495 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>854 ft</u>				
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.)
CODELL-NIOBRARA	NB-CD	407-87	80	W/2NE4
J SAND	JSND	232-23	320	N/2

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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):
N/2 OF SECTION 5, T4N-R67W, 6TH P.M.
25. Distance to Nearest Mineral Lease Line: 658 ft 26. Total Acres in Lease: 320

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	0	500	360	500	0
1ST	7+7/8	4+1/2	11.6	0	7,650	480	7,650	3,000

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments NO CONDUCTOR, 30-DAY NOTICE WAIVER IN SUA.

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: LEWIS CAMP
Title: PRESIDENT Date: 3/11/2011 Email: LAM53@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. Neslin Director of COGCC Date: 3/24/2011

Permit Number: _____ Expiration Date: 3/23/2013

API NUMBER
05 123 30721 00

CONDITIONS OF APPROVAL, IF ANY:

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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 Ed Binkley at 970-506-9834 or e-mail at ed.binkley@state.co.us
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Shannon to 200' above Shannon. Verify coverage with cement bond log.

Attachment Check List

Att Doc Num	Name
2530299	APD ORIGINAL
2530306	WELL LOCATION PLAT
2530307	TOPO MAP
2530308	SURFACE AGRMT/SURETY
2530328	VARIANCE REQUEST
2530341	WAIVERS

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Unit changed to N/2 per operator.	3/14/2011 3:51:01 PM
Permit	On hold Lease is the N/2 of the section. The spacing unit for the J sand should probably be the n/2 and not the e/2	3/14/2011 12:27:03 PM

Total: 2 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)