

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		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:25%;">DE</td> <td style="width:25%;">ET</td> <td style="width:25%;">OE</td> <td style="width:25%;">ES</td> </tr> </table>	DE	ET	OE	ES
DE	ET	OE	ES				
APPLICATION FOR PERMIT TO:			Document Number: 400140960 Plugging Bond Surety 20100085				
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 type="checkbox"/> COALBED <input type="checkbox"/> OTHER <input type="checkbox"/> <u>MONITORING WELL</u> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/>			Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/>				
3. Name of Operator: <u>LARIO OIL & GAS COMPANY</u>		4. COGCC Operator Number: <u>49888</u>					
5. Address: <u>PO BOX 29</u> City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80201</u>							
6. Contact Name: <u>Christopher Noonan</u> Phone: <u>(303)820-4480</u> Fax: <u>(303)820-4124</u> Email: <u>bob@banko1.com</u>							
7. Well Name: <u>Grimm</u>		Well Number: <u>34-3M</u>					
8. Unit Name (if appl): _____		Unit Number: _____					
9. Proposed Total Measured Depth: <u>8900</u>							
WELL LOCATION INFORMATION							
10. QtrQtr: <u>SENW</u> Sec: <u>34</u> Twp: <u>4S</u> Rng: <u>64W</u> Meridian: <u>6</u> Latitude: <u>39.659790</u> Longitude: <u>-104.542310</u>							
Footage at Surface: <u>2383</u> feet <u>FNL</u> <u>1320</u> feet <u>FWL</u> <small style="margin-left: 100px;">FNL/FSL</small> <small style="margin-left: 100px;">FEL/FWL</small>							
11. Field Name: <u>Wildcat</u>		Field Number: <u>99999</u>					
12. Ground Elevation: <u>5763</u>		13. County: <u>ARAPAHOE</u>					
14. GPS Data: Date of Measurement: <u>03/11/2011</u> PDOP Reading: <u>1.2</u> Instrument Operator's Name: <u>K. Daley</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: <u>FNL/FSL</u> <u>FEL/FWL</u> Bottom Hole: <u>FNL/FSL</u> <u>FEL/FWL</u> _____ 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>2400 ft</u>							
18. Distance to nearest property line: <u>252 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>1856 ft</u>							
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.)			
J Sand	JSND						

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):
Fee Lease D0065142: T4S R64W Sec 34: NW/4, N/2NE/4, SE/4NE/4. Fee Lease D0043215: T4S R64W Sec 34: S/2, SW/4NE/4
25. Distance to Nearest Mineral Lease Line: 242 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 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
CONDUCTOR	20	16		0	60	50	60	0
SURF	12+1/4	8+5/8	24	0	2,000	915	2,000	0
1ST	7+7/8	5+1/2	17	0	8,900	900	8,900	6,600

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments This is a monitor well

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: Christopher A. Noonan
Title: Permit Agent Date: 3/14/2011 Email: bob@banko1.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: 4/8/2011

API NUMBER 05 005 07158 00	Permit Number: _____	Expiration Date: <u>4/7/2013</u>
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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 Jim Precup at 303-469-1902 or e-mail at jim.precup@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.

This well cannot completed in any formation without a pooling agreement.

Attachment Check List

Att Doc Num	Name
2111251	SURFACE CASING CHECK
400140960	FORM 2 SUBMITTED
400142421	WELL LOCATION PLAT
400142422	ACCESS ROAD MAP
400142423	EQUIPMENT LIST
400142902	DRILLING PLAN

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	on hold Wellis 242 feet from lease line which will involve a pooling agreement if this well is completed. this is a monitor well.	3/17/2011 1:15:41 PM
Permit	Corrected well and zone type by request of opr. sf	3/16/2011 9:51:53 AM
Permit	Back to draft at opr's request. sf	3/15/2011 10:36:26 AM

Total: 3 comment(s)

BMP

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

Total: 0 comment(s)