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|---|---|---|---|----|----|----|----|
| 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:

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:

400153983

Plugging Bond Surety

20110078

| | |
|---|--|
| 3. Name of Operator: <u>DAKOTA EXPLORATION LLC</u> | 4. COGCC Operator Number: <u>10354</u> |
| 5. Address: <u>8801 S. YALE AVENUE, SUITE 120</u> | |
| City: <u>TULSA</u> State: <u>OK</u> Zip: <u>74137</u> | |
| 6. Contact Name: <u>Fabrianna Venaducci</u> Phone: <u>(303)2790789</u> Fax: <u>(303)2791124</u> | |
| Email: <u>fabrianna@jameskaro.com</u> | |
| 7. Well Name: <u>State</u> | Well Number: <u>6-81-24-4</u> |
| 8. Unit Name (if appl): _____ | Unit Number: _____ |
| 9. Proposed Total Measured Depth: <u>8501</u> | |

WELL LOCATION INFORMATION

10. QtrQtr: NWNW Sec: 24 Twp: 6N Rng: 81W Meridian: 6
 Latitude: 40.480070 Longitude: -106.441020

| | | | | | | |
|---------------------|-----------------|---------|------------|------------------|---------|------------|
| Footage at Surface: | <u>672</u> feet | FNL/FSL | <u>FNL</u> | <u>1376</u> feet | FEL/FWL | <u>FWL</u> |
|---------------------|-----------------|---------|------------|------------------|---------|------------|

11. Field Name: wildcat Field Number: 99999

12. Ground Elevation: 8374 13. County: JACKSON

14. GPS Data:
 Date of Measurement: 10/17/2011 PDOP Reading: 1.7 Instrument Operator's Name: Randall Miller

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 |
| <u>1245</u> | <u>FNL</u> | <u>1376</u> | <u>2083</u> | <u>FSL</u> | <u>1351</u> |
| <u>FWL</u> | <u>FWL</u> | <u>FWL</u> | <u>FWL</u> | <u>FWL</u> | <u>FWL</u> |
| Sec: <u>24</u> | Twp: <u>6N</u> | Rng: <u>81W</u> | Sec: <u>24</u> | Twp: <u>6N</u> | Rng: <u>81W</u> |

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: 820 ft

18. Distance to nearest property line: 672 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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Niobrara | NBRR | | | |

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

21. Mineral Ownership: Fee State Federal Indian Lease #: 9000.6

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 Bond \$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):
T6n, R81W, Sec 24: NW, N2SW, 6th PM

25. Distance to Nearest Mineral Lease Line: 743 ft 26. Total Acres in Lease: 240

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 | 9+5/8 | 36 | 0 | 700 | 190 | 700 | 0 |
| 1ST | 8+3/4 | 7+0/0 | 23 | 0 | 6,174 | 120 | 6,174 | 5,000 |
| 1ST LINER | 6+1/8 | 4+1/2 | 11.6 | 6174 | 8,501 | | | |

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

33. Comments 1st liner string as listed in casing type will have 9 Swellable packers and liner top packer hanging in 7" casing. Nearest railroad is more than 5280. Connects to the State 6-81-24-4 Tank Battery which shares pad with well. Surface Owner is State of Colorado and does not require a Surface Use Agreement, however, consultation has occurred and a \$5000 bond is being filed at the State Land Board concurrent with the filing of this application.

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: Fabrianna Venaducci

Title: Contract Landman Date: 4/25/2011 Email: fabrianna@jameskaro.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. Nesline Director of COGCC Date: 6/23/2011

Permit Number: _____ Expiration Date: 6/22/2013

API NUMBER

05 057 06510 00

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) NO PORTION OF ANY PIT THAT WILL BE USED TO HOLD LIQUIDS SHALL BE CONSTRUCTED ON FILL MATERIAL, UNLESS THE PIT AND FILL SLOPE ARE DESIGNED AND CERTIFIED BY A PROFESSIONAL ENGINEER, SUBJECT TO REVIEW AND APPROVAL BY THE DIRECTOR PRIOR TO CONSTRUCTION OF THE PIT. THE CONSTRUCTION AND LINING OF THE PIT SHALL BE SUPERVISED BY A PROFESSIONAL ENGINEER OR THEIR AGENT. THE ENTIRE BASE OF THE PIT MUST BE IN CUT.

(3) THE MOISTURE CONTENT OF ANY DRILL CUTTINGS IN A CUTTINGS PIT, TRENCH, OR PILE SHALL BE AS LOW AS PRACTICABLE TO PREVENT ACCUMULATION OF LIQUIDS GREATER THAN DE-MINIMIS AMOUNTS. AT THE TIME OF CLOSURE, THE DRILL CUTTINGS MUST ALSO MEET THE APPLICABLE STANDARDS OF TABLE 910-1.

(4) THE SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 620 FEET DEEP.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400153983 | FORM 2 SUBMITTED |
| 400157169 | PLAT |
| 400157171 | TOPO MAP |
| 400157397 | DEVIATED DRILLING PLAN |
| 400157399 | MINERAL LEASE MAP |

Total Attach: 5 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|--------------------------|
| Permit | Notified the State Land Board this application is ready and will be approved. plg. | 6/22/2011 8:42:38 AM |
| Permit | ON HOLD: Dakota's bonds are in good order however there is a question about the surface location and our district manager, Lane Osborn, wishes for the surface access issue to be resolved. Should take about 2 months. Thanks, Tim. | 5/24/2011 10:05:36 AM |
| Permit | Corrected Surface location from 627' FNL TO 672' FNL per well plat. plg. | 5/3/2011 11:40:51 AM |
| Permit | Emailed Tim Kelly at SLB for verification of Surface Restoration Bond. plg. | 5/3/2011 11:40:42 AM |

Total: 4 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|-------------|----------------|
| | |

Total: 0 comment(s)