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|---|---|---|---|----|----|----|----|
| <b>FORM</b><br><b>2</b><br>Rev<br>12/05 | State of Colorado<br><b>Oil and Gas Conservation Commission</b><br>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:

1636010

Plugging Bond Surety

19960010

3. Name of Operator: MATRIX ENERGY LLC      4. COGCC Operator Number: 54380

5. Address: 1241 THOROUGHbred ROAD  
 City: DURANGO      State: CO      Zip: 81303

6. Contact Name: DAVID M. BLANDFORD      Phone: (970)247-1959      Fax: (970)247-2359  
 Email: ANDELEENERGY@GMAIL.COM

7. Well Name: KUETTEL      Well Number: 14-10-16

8. Unit Name (if appl): \_\_\_\_\_      Unit Number: \_\_\_\_\_

9. Proposed Total Measured Depth: 7335

**WELL LOCATION INFORMATION**

10. QtrQtr: SWSW      Sec: 10      Twp: 5N      Rng: 65W      Meridian: 6  
 Latitude: 40.407770      Longitude: -104.655250

FNL/FSL      FEL/FWL

Footage at Surface: 467 feet      FSL 1016 feet      FWL \_\_\_\_\_

11. Field Name: WATTENBERG      Field Number: 90750

12. Ground Elevation: 4645      13. County: WELD

14. GPS Data:  
 Date of Measurement: 02/15/2011      PDOP Reading: 3.0      Instrument Operator's Name: C. VANMATRE

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  
1320      FSL 100      FWL \_\_\_\_\_      1320      FSL 100      FWL \_\_\_\_\_  
 Sec: 10      Twp: 5N      Rng: 65W      Sec: 10      Twp: 5N      Rng: 65W

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: 301 ft

18. Distance to nearest property line: 125 ft      19. Distance to nearest well permitted/completed in the same formation: 860 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-CODELL        | NB-CD          | 407                     | 160                           | GWA                                  |

**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 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):  
SWSW & NWSW SEC 10, SESE & NESE SEC 9-T5N-R65W, 6TH PM  
25. Distance to Nearest Mineral Lease Line: 1115 ft 26. Total Acres in Lease: 160

**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             | 400           | 200       | 400     | 0       |
| 1ST         | 7+7/8        | 4+1/2          | 11.6  | 0             | 7,335         | 500       | 7,335   | 0       |

32. BOP Equipment Type:  Annular Preventer  Double Ram  Rotating Head  None  
33. Comments Matrix Energy requests approval of Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Surface owner waiver attached. Waivers concerning high density are attached. Proposed spacing unit W/2SW4 sec 10 & E/2SE4 sec 9. Conductor casing will not be used. Property line encroachment addressed by waiver letter from Merle Luther, who is the property owner to the north, which is the 125'.

34. Location ID: 311491  
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: DAVID M. BLANDFORD  
Title: CO-MANAGER Date: 5/12/2011 Email: ANDELEENERGY@GMAIL.CO

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: 6/29/2011

**API NUMBER**  
05 123 33757 00

Permit Number: \_\_\_\_\_ Expiration Date: 6/28/2013

**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 Bo Brown via e-mail at bo.brown@state.co.us.
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above the Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

### **Attachment Check List**

| Att Doc Num | Name                   |
|-------------|------------------------|
| 1636010     | APD ORIGINAL           |
| 1636011     | WELL LOCATION PLAT     |
| 1636012     | TOPO MAP               |
| 1636013     | SURFACE AGRMT/SURETY   |
| 1636014     | DEVIATED DRILLING PLAN |
| 1636015     | EXCEPTION LOC REQUEST  |
| 1636016     | WAIVERS                |
| 1771036     | SURFACE CASING CHECK   |
| 2530720     | PROPOSED SPACING UNIT  |
| 2530818     | CORRESPONDENCE         |

Total Attach: 10 Files

### **General Comments**

| <b><u>User Group</u></b> | <b><u>Comment</u></b>   | <b><u>Comment Date</u></b> |
|--------------------------|---|----------------------------|
| Permit                   | Received notification that no objection to proposed spacing was filed. Attached.  | 6/28/2011<br>8:37:49 AM    |
| Permit                   | Updated permit with proposed spacing unit attachments. Waiting for 20 day to expire and a letter saying no objections were filed.   | 6/13/2011<br>7:03:22 AM    |
| Permit                   | Updated with new proposed spacing unit attachments  | 6/7/2011<br>11:46:21 AM    |
| Permit                   | The signed waiver letter regarding the high density 350 foot minimum setback should also work as the property line. The offset surface owner is waiving the location of the well. | 5/25/2011<br>12:47:52 PM   |
| Permit                   | Conductor casing will not be used.  | 5/24/2011<br>2:48:20 PM    |
| Permit                   | waiting for property line waiver from offsetting surface owner.   | 5/24/2011<br>1:47:12 PM    |
| Permit                   | On hold waiting for proposed spacing unit letter and spacing unit map.  | 5/24/2011<br>1:45:18 PM    |
| Permit                   | Corrected lat/Longs from BHL to SHL, corrected zone type, added plugging bond and location ID as per conversation wi/Opr-David. sf  | 5/19/2011<br>12:06:28 PM   |

Total: 8 comment(s)

### **BMP**

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

Total: 0 comment(s)