

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

Document Number:  
400163764  
Plugging Bond Surety  
20090025

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

3. Name of Operator: AUGUSTUS ENERGY PARTNERS LLC 4. COGCC Operator Number: 10275

5. Address: P O BOX 250  
City: WRAY State: CO Zip: 80758

6. Contact Name: Loni Davis Phone: (970)332-3585 Fax: (970)332-3587  
Email: ldavis@augustusenergy.com

7. Well Name: D Blach Well Number: 42-10 1N47W

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

9. Proposed Total Measured Depth: 2830

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 10 Twp: 1N Rng: 47W Meridian: 6

Latitude: 40.071470 Longitude: -102.605990

Footage at Surface: 1453 feet FNL 77 feet FEL  
FNL/FSL FEL/FWL

11. Field Name: Schramm Field Number: 76825

12. Ground Elevation: 4036 13. County: YUMA

14. GPS Data:

Date of Measurement: 04/04/2011 PDOP Reading: 2.9 Instrument Operator's Name: Neal McCormick

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: 77 ft

18. Distance to nearest property line: 77 ft 19. Distance to nearest well permitted/completed in the same formation: 2199 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           | 329-5                   | 160                           | NE/4                                 |

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):  
1N47W, Sec 10 NE/4

25. Distance to Nearest Mineral Lease Line: 77 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        | 9+7/8        | 7              | 17    | 1             | 404           | 200       | 404     | 0       |
| 1ST         | 6+1/4        | 4+1/2          | 10.5  | 1             | 2,830         | 200       | 2,830   | 1,953   |

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

33. Comments No Conductor Casing will be used. Please see attached Exception Location Waivers from Yuma County Commissioners, Y-W Electric Assn. and Offsetting mineral/surface owner.

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: Loni J. Davis

Title: Oper Acctg & Reg Spec. Date: 5/11/2011 Email: ldavis@augustusenergy.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: 7/19/2011

**API NUMBER**  
05 125 11981 00

Permit Number: \_\_\_\_\_ Expiration Date: 7/18/2013

**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 hr notice of spud to Colby Horton at 970-467-2517 or e-mail at colby.horton@state.co.us.
- 2) Set surface casing at least 50' into Pierre Shale for aquifer coverage, (404' minimum - as proposed). Setting surface casing less than the approved depth is a permit violation unless prior written approval is obtained from the COGCC.
- 3) If completed, provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 4) If dry hole, set 35 sks cement 50' above Niobrara top, 35 sks cement ½ out, ½ in surface casing, 10 sks cement at top of surface casing, cut casing 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Operator will close the adjacent County Road M during drilling, completion, workover and plugging operations. The operator will appropriately comply with county regulations prior to road closure. The power line will be deactivated prior to move in and rig up for drilling operations.

### **Attachment Check List**

| Att Doc Num | Name                  |
|-------------|-----------------------|
| 400163764   | FORM 2 SUBMITTED      |
| 400163783   | PLAT                  |
| 400163803   | EXCEPTION LOC WAIVERS |
| 400163805   | EXCEPTION LOC REQUEST |
| 400164146   | 30 DAY NOTICE LETTER  |
| 400164147   | SURFACE AGRMT/SURETY  |
| 400164148   | TOPO MAP              |

Total Attach: 7 Files

### **General Comments**

| User Group | Comment   | Comment Date             |
|------------|---|--------------------------|
| Permit     | <p>The operator is requesting a 318B variance and a 603 a.(1) variance , the proposed location will be approximately 55' west of a lease line, county road M and an overhead power line. The operator has furnished signed waivers from the offsetting affected mineral owner, the power company's willingness to deactivate the overhead line, and approval from Board of County Commissions to close the road with timing restrictions, fee stipulations, application and any special circumstances that may need addressed prior to closing the road. The operator states "the proposed location will give us the amplitude and we will gain more than the nine (9) feet of structural advantage to produce an economic well. If placed in a legal location we feel it would be uneconomical based on the 2 dry holes and the plugged well near the proposed location".</p> <p>ORDER 329-5</p> <p>NOW, THEREFORE, IT IS ORDERED, that Order No. 329-4 is hereby corrected to allow any first well drilled for production from the Niobrara Formation in the 160-acre drilling and spacing units described below to be located no closer than 560 feet from the outer boundaries of the 160-acre drilling and spacing unit. In addition, the permitted location for any additional well shall be located no closer than 560 feet from the outer boundaries of the 160-acre drilling and spacing unit for the lands described below:</p> <p>Rule 318B (4) Wells shall be located at least three hundred (300) feet from the boundary of said quarter sections, .....be located at least three hundred (300) feet from any lease line.</p> <p>Rule 603 a.(1) At the time of initial drilling of the well, the wellhead shall be located a distance of one hundred fifty (150) feet or one and one-half (1-1/2) times the height of the derrick, whichever is greater, from any building unit, public road, major above ground utility line or railroad.</p> | 6/15/2011<br>10:26:56 AM |
| Permit     | Back to draft for attachments to wrong well (30 day notice, SUA, Topo) sf   | 5/12/2011<br>8:30:37 AM  |

Total: 2 comment(s)

**BMP**

| Type                           | Comment  |
|--------------------------------|--|
| Drilling/Completion Operations | <p>To address construction during drilling and all other operations associated with Oil and Gas development throughout Northern Yuma County, Colorado area StormWater Management Plans(SWMP) are in place and in compliance with the Colorado Department of Health and Environment (CDPHE) under Permit # COR-039921.</p> <p>Best Management Practices (BMP's) will be reviewed and maintained prior to, during and after construction of drilling site, laying of flowlines, installation of surface equipment and reclamation of site. Each location's BMP's will vary according to terrain and phase of construction and will be implemented in accordance to SWMP.</p> <p>Regular location inspections will be performed and any BMP's not effectively working will be documented and resolved in a timely manner.</p> <p>Spill Prevention, Control and Countermeasures will be implemented. Should any spills occur they will be cleaned up immediately and effectively to minimize any integration with storm water runoff. General good housekeeping practices will be performed to keep spills at a minimum.</p> |

Total: 1 comment(s)