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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> Document Number: 400165262 Plugging Bond Surety 20010124 | DE | ET | OE | ES |
| DE | ET | OE | ES | | | | |
| APPLICATION FOR PERMIT TO: | | | | | | | |
| 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 checked="" type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/> | | | | | | | |
| | | Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/> | | | | | |
| 3. Name of Operator: <u>KERR-MCGEE OIL & GAS ONSHORE LP</u> 4. COGCC Operator Number: <u>47120</u> | | | | | | | |
| 5. Address: <u>P O BOX 173779</u> City: <u>DENVER</u> State: <u>CO</u> Zip: <u>80217-3779</u> | | | | | | | |
| 6. Contact Name: <u>REBECCA HEIM</u> Phone: <u>(720)929-6361</u> Fax: <u>(720)929-7361</u> Email: <u>rebecca.heim@anadarko.com</u> | | | | | | | |
| 7. Well Name: <u>MORTON</u> Well Number: <u>15-1</u> | | | | | | | |
| 8. Unit Name (if appl): _____ Unit Number: _____ | | | | | | | |
| 9. Proposed Total Measured Depth: <u>8295</u> | | | | | | | |
| WELL LOCATION INFORMATION | | | | | | | |
| 10. QtrQtr: <u>NESE</u> Sec: <u>1</u> Twp: <u>1N</u> Rng: <u>67W</u> Meridian: <u>6</u> Latitude: <u>40.076510</u> Longitude: <u>-104.833375</u> | | | | | | | |
| Footage at Surface: <u>1371</u> feet FNL/FSL <u>FSL</u> <u>963</u> feet FEL/FWL <u>FEL</u> | | | | | | | |
| 11. Field Name: <u>WATTENBERG</u> Field Number: <u>90750</u> | | | | | | | |
| 12. Ground Elevation: <u>4898</u> 13. County: <u>WELD</u> | | | | | | | |
| 14. GPS Data: Date of Measurement: <u>05/20/2010</u> PDOP Reading: <u>1.9</u> Instrument Operator's Name: <u>TRAVIS KRAICH</u> | | | | | | | |
| 15. If well is <input checked="" type="checkbox"/> Directional <input type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan. Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL <u>510</u> <u>FSL</u> <u>2130</u> <u>FEL</u> <u>510</u> <u>FSL</u> <u>2130</u> <u>FEL</u> Sec: <u>1</u> Twp: <u>1N</u> Rng: <u>67W</u> Sec: <u>1</u> Twp: <u>1N</u> Rng: <u>67W</u> | | | | | | | |
| 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>178 ft</u> | | | | | | | |
| 18. Distance to nearest property line: <u>171 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>980 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.) | | | |
| J SAND | JSND | 232 | 320 | E/2 | | | |
| NIOBRARA-CODELL | NB-CD | 407 | 80 | S/2SE/4 | | | |
| SUSSEX | SUSX | 250 | 80 | S/2SE/4 | | | |

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):
PLEASE SEE ATTACHED OGL.
25. Distance to Nearest Mineral Lease Line: 400 ft 26. Total Acres in Lease: 80

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 | 850 | 595 | 850 | |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8,295 | 200 | 8,295 | |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
33. Comments NO CONDUCTOR CASING WILL BE USED. The outbuilding at 105' within the disturbance area will be torn down. The distance to the nearest building is 178'. The distance to the nearest overhead power is 211'. Changed per operator. rig height is given as 95'.

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: REBECCA HEIM
Title: REGULATORY ANALYST II Date: 6/30/2011 Email: DJREGULATORY@ANADARK

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: 7/28/2011

API NUMBER
05 123 34069 00
Permit Number: _____ Expiration Date: 7/27/2013
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 james.precup@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 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.

Wellhead is 178' to the nearest building and the rig height is given as 95', the rig used to drill the subject well must not have a derrick height of greater than 2/3rds of 178 feet or 119 feet.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400165262 | FORM 2 SUBMITTED |
| 400165265 | 30 DAY NOTICE LETTER |
| 400165266 | PLAT |
| 400165267 | TOPO MAP |
| 400165268 | OIL & GAS LEASE |
| 400165269 | SURFACE AGRMT/SURETY |
| 400180672 | DEVIATED DRILLING PLAN |

Total Attach: 7 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|-------------------------|
| Permit | The outbuilding at 105' within the disturbance area will be torn down. The distance to the nearest building is 178'. The distance to the nearest overhead power is 211'. Changed per operator. rig height is given as 95'. | 7/18/2011 3:27:42 PM |
| Permit | ON HOLD: Requesting rig height. Confirmation of distance to building 105' & overhead power lines at 211' & 238'. | 7/8/2011 9:52:26 AM |

Total: 2 comment(s)

BMP

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

Total: 0 comment(s)