

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL
 OIL GAS COALBED OTHER _____
 SINGLE ZONE MULTIPLE COMMINGLE

Refiling
 Sidetrack

Document Number:
 400188788
 PluggingBond SuretyID
 20010048

3. Name of Operator: CHOLLA PRODUCTION LLC 4. COGCC Operator Number: 16830
 5. Address: 7851 S ELATI ST STE 201
 City: LITTLETON State: CO Zip: 80120
 6. Contact Name: Emily Hundley-Goff Phone: (303)623-4565 Fax: (303)623-5062
 Email: cholla_production@msn.com
 7. Well Name: Baldwin Well Number: 2-18
 8. Unit Name (if appl): _____ Unit Number: _____
 9. Proposed Total Measured Depth: 5200

WELL LOCATION INFORMATION

10. QtrQtr: SW NE Sec: 18 Twp: 32S Rng: 44W Meridian: 6
 Latitude: 37.261270 Longitude: -102.411470
 Footage at Surface: 1586 feet FNL/FSL FNL 2083 feet FEL/FWL FEL
 11. Field Name: WILDCAT Field Number: 99999
 12. Ground Elevation: 4136 13. County: BACA

14. GPS Data:
 Date of Measurement: 08/24/2011 PDOP Reading: 2.9 Instrument Operator's Name: Keith Westfall

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: 1586 ft
 18. Distance to nearest property line: 564 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 16 mi

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.)
MORROW	MRRW		320	EAST HALF

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):

East half of Section 18-T32S-R44W

25. Distance to Nearest Mineral Lease Line: 564 ft 26. Total Acres in Lease: 320

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	1,700	250	1,700	0
1ST	7+7/8	4+1/2	10.5	0	5,300	100	5,300	4,900

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

33. Comments We are not setting conductor pipe. Location is closer than 600 feet to offset mineral owners. Waivers to Rule 318a signed by offset mineral owners attached.

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: EMILY HUNDLEY-GOFF

Title: OWNER/MANAGER Date: 10/11/2011 Email: cholla_production@msn.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: _____ Director of COGCC Date: _____

API NUMBER

05

Permit Number: _____ Expiration Date: _____

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.

Attachment Check List

Att Doc Num	Name
400188788	FORM 2 SUBMITTED
400213942	WAIVERS
400214206	WELL LOCATION PLAT

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>

Total: 0 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>Applicant Proposed BMPs</p> <p>Cholla Production, LLC proposes to implement the following Best Management Practices (BMPs) to prevent or reduce impacts caused by oil and gas operations. The following BMPs have been developed with landowner review and concurrence and are included in the surface use agreement.</p> <p>Cholla Production, LLC proposed the following applicant proposed BMPs:</p> <ul style="list-style-type: none">• Keep the well site location, the road, and the pipeline easement safe and free of noxious weeds, litter and debris.• If the Owner has livestock on the lands where the drillsite is located, an electric fence will be installed around the drilling pits to keep the livestock away from the pits.• Spray for noxious weeds and implement dust control, as needed.• Cholla Production, LLC will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's land.• Remove only the minimum amount of vegetation necessary for the construction of roads and facilities.• Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation.• No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.• All surface facilities not subject to safety requirements shall be painted to blend with the natural color of the landscape.• Any necessary tank battery facilities will be located outside the area of a center pivot if present.• A low-profile pumping unit will be used so as to not interfere with any portion of the center pivot structure if one is present.• Utilize only such area around each producing well as is reasonably necessary.• Any fences or pumping units placed around each producing well will not interfere with the wheel tracks of the center pivot.• Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations.• Construct and maintain gates where any roads used by Cholla Production, LLC cross through fences on the leased premises, and keep gates locked when not in use.• Implement and maintain BMP's to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation.• All surface restoration shall be accomplished to the satisfaction of Owner.• All reseeding on non-crop lands shall be done with grasses consistent with a Rocky Mountain native mix and during planting period suggested by Owner.• On crop lands, manure and certified weed-free hay will be worked into the topsoil during reclamation of the well site location and roads.• Co-locate gas and water gathering lines, and mitigate any erosion problems that arise due to the construction of any pipeline(s).• Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).

Total: 1 comment(s)