

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



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Document Number:

400231059

PluggingBond SuretyID

20030032

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 ☐

3. Name of Operator: KGH OPERATING COMPANY

4. COGCC Operator Number: 47200

5. Address: P O BOX 2235

City: BILLINGS State: MT Zip: 59103-2235

6. Contact Name: THOMAS M. HAUPTMAN Phone: (406)259-8509 Fax: (970)858-5163

Email: TKPRODUC@180COM.NET

7. Well Name: MEAGHER Well Number: 3-1H

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 5694

WELL LOCATION INFORMATION

10. QtrQtr: 7 Sec: 3 Twp: 1S Rng: 104W Meridian: 6

Latitude: 39.984728 Longitude: -109.049150

Footage at Surface: 623 feet FSL 503 feet FSL FWL

11. Field Name: Blanco Field Number: 6902

12. Ground Elevation: 6218 13. County: RIO BLANCO

14. GPS Data:

Date of Measurement: 06/09/2011 PDOP Reading: 2.4 Instrument Operator's Name: Robert Kay

15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: 623 FSL 503 FWL Bottom Hole: 3100 FSL 1200 FEL
Sec: 3 Twp: 1S Rng: 104 Sec: 2 Twp: 1S Rng: 104
W W

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: 5280 ft

18. Distance to nearest property line: 503 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 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.)
MANCOS B	MNCSB			

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):

See attachment

25. Distance to Nearest Mineral Lease Line: 5637 ft

26. Total Acres in Lease: 3681

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	9	32.3	5050	600	205	600	0
S.C. 1.1	8	7	23	5050	5,862	620	5,862	0
1ST LINER	6	4	11.6	5050	10,805			

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

33. Comments CONDUCTER CASING WILL NOT BE USED

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: MIKE MARKUS

Title: PROJECT SCIENTIST Date: 12/12/2011 Email: mmarkus@oaconsulting.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
400231059	FORM 2 SUBMITTED
400231119	DRILLING PLAN
400231123	LEGAL/LEASE DESCRIPTION
400231124	WELL LOCATION PLAT
400231125	DOW CONSULTATION
400231126	SURFACE AGRMT/SURETY
400231127	TOPO MAP
400235305	DEVIATED DRILLING PLAN

Total Attach: 8 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>
Material Handling and Spill Prevention	SPILL PREVENTION CONTROL AND COUNTER MEASURES (SPCC) ONCE THE WELLS ARE DRILLED AND COMPLETED ONSITE KGH WILL PREPARE A SPCC PLAN FOR THE SITE.
Storm Water/Erosion Control	STORMWATER MANAGEMENT WILL BE MANAGED UNDER KGH OPERATING COMPANY'S (KGH) PROPOSED STORMWATER MANAGEMENT PLAN PREPARED FOR THE PROJECT AREA. A STORMWATER PLAN AND PERMIT WILL BE SUBMITTED TO CDPHE AS REQUIRED. PRIOR TO CONSTRUCTION A STORMWATER "PERIMETER" WILL BE BUILT AROUND THE SITE FOR INITIAL WORK PURPOSES. ONCE THE PAD CONSTRUCTION IS COMPLETED, THE SITE WILL BE INSPECTED AND ANY NECESSARY EROSION CONTROL DEVICES NEEDED TO MANAGE SEDIMENT DISCHARGE FROM THE PAD WILL BE INSTALLED. THESE DEVICES MAY INCLUDE BUT ARE NOT LIMITED TO: - ROCK CHECK DAMS - SETTLING PONDS - STRAW WADDLES - SILT FENCING (USED SPARINGLY)
Wildlife	1. WHERE OIL AND GAS ACTIVITIES MUST OCCUR IN MULE DEER CRITICAL WINTER RANGE OR ELK WINTER CONCENTRATED AREAS, CONDUCT THESE ACTIVITIES OUTSIDE THE LIMITED TIME PERIOD FROM DECEMBER 1 THROUGH APRIL 15 (CONSTRUCTION AND DRILLING). 2. RESTRICT POST DEVELOPMENT WELL SITE VISITATIONS TO BETWEEN THE HOURS OF 10:00 AM AND 3:00 PM AND REDUCE WELL SITE VISITATIONS BETWEEN DECEMBER 1 AND APRIL 15 IN MULE DEER AND ELK WINTER RANGE. 3. ESTABLISH COMPANY GUIDELINES TO MINIMIZE WILDLIFE MORTALITY FROM VEHICULAR COLLISIONS ON ROADS. 4. GATE SINGLE PURPOSE ROADS AND RESTRICT GENERAL PUBLIC ACCESS TO REDUCE TRAFFIC DISRUPTIONS TO WILDLIFE. 5. CLOSE AND IMMEDIATELY RECLAIM ALL ROADS THAT ARE REDUNDANT, NOT USED REGULARLY, OR HAVE BEEN ABANDONED TO THE MAXIMUM EXTENT POSSIBLE TO MINIMIZE DISTURBANCE AND HABITAT FRAGMENTATION. 6. AVOID AGGRESSIVE NON-NATIVE GRASSES AND SHRUBS IN MULE DEER AND ELK HABITAT RESTORATION. 7. RECLAIM MULE DEER AND ELK HABITATS WITH NATIVE SHRUBS, GRASSES, AND FORBS APPROPRIATE TO THE ECOLOGICAL SITE DISTURBED. 8. RESTORE APPROPRIATE SAGEBRUSH SPECIES OR SUBSPECIES ON DISTURBED SAGEBRUSH SITES. USE LOCALLY COLLECTED SEED FOR RESEEDING WHERE POSSIBLE.

Total: 3 comment(s)