

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER CO2

SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

Document Number:
400224245

PluggingBond SuretyID
20110027

3. Name of Operator: KINDER MORGAN CO2 CO LP 4. COGCC Operator Number: 46685

5. Address: 17801 HWY 491
City: CORTEZ State: CO Zip: 81321

6. Contact Name: Paul Belanger Phone: (970)882-2464 Fax: (970)882-5521
Email: Paul_Belanger@kindermorgan.com

7. Well Name: YG Well Number: 1

8. Unit Name (if appl): MCELMO DOME Unit Number: 047653X

9. Proposed Total Measured Depth: 10003

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 14 Twp: 37N Rng: 18W Meridian: N
Latitude: 37.466310 Longitude: -108.798690

Footage at Surface: 1796 feet FNL/FSL FNL 1915 feet FEL/FWL FEL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6661 13. County: MONTEZUMA

14. GPS Data:
Date of Measurement: 11/01/2011 PDOP Reading: 1.6 Instrument Operator's Name: R J CAFFEY

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

1796 FNL 1915 FEL 1797 FNL 115 FEL

Sec: 14 Twp: 37N Rng: 18W Sec: 14 Twp: 37N Rng: 18W

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: 1961 ft

18. Distance to nearest property line: 200 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 2615 ft

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.)
Leadville	LDVLL			

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#: 20080051

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):
 37N18W: SECTION 12:SESW;SECTION 13:NE1/4; SECTION 14: S1/2NE, SENW NESW. 38N18W: SECTION 20: S1/2S1/2; SECTION 29: N1/2N1/2; SECTION 30: E1/2E1/2.

25. Distance to Nearest Mineral Lease Line: 844 ft 26. Total Acres in Lease: 840

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: de-water and cover

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
CONDUCTOR	24	20		0	80	100	80	0
SURF	12+1/4	9+5/8		0	2,899	1,100	2,899	0
1ST	8+3/4	7		0	7,998	1,770	7,998	0
OPEN HOLE	4+3/4			7998				7,998

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

33. Comments This is the APD application for the horizontal wellbore drilled with a 4 3/4" bit OH as explained in the drilling plans attached. A Form 15 pit permit is being submitted for 2 pits: pit 1 for most of the cuttings will be left on-site, de-watered and covered; NO Salt section cuttings and muds expected in this horizontal wellbore. A KOP will be established from the vertical pilot after logging a 6" OH. The KOP is expected to be around 7998' and drilling to TD as a 4 1/4" OH that will then be completed per drilling plans. Conductor/surface and production casing described for the pilot hole APD docnum 400224243; re-entered here so this could be submitted. BHL of horizontal is about 2615' from YA3 (13-37-18)

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: Paul E. Belanger

Title: Regulatory Contractor Date: 2/10/2012 Email: Paul_Belanger@KinderMorgan.

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 Permit Number: _____ Expiration Date: _____

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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.

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Attachment Check List

Att Doc Num	Name
400224245	FORM 2 SUBMITTED
400247561	H2S CONTINGENCY PLAN
400247562	OTHER
400247564	DEVIATED DRILLING PLAN
400247565	DIRECTIONAL DATA
400247567	DRILLING PLAN
400247570	WELL LOCATION PLAT
400247571	TOPO MAP
400247572	CONST. LAYOUT DRAWINGS
400247573	OTHER
400251045	LEGAL/LEASE DESCRIPTION

Total Attach: 11 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>

Total: 0 comment(s)