

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:
400224255
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: 2

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

9. Proposed Total Measured Depth: 10008

WELL LOCATION INFORMATION

10. QtrQtr: NESW Sec: 14 Twp: 37N Rng: 18W Meridian: N
Latitude: 37.460940 Longitude: -108.804470

Footage at Surface: 1524 feet FNL/FSL FSL 1664 feet FEL/FWL FWL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6623 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 11/01/2011 PDOP Reading: 1.7 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
1524 FSL 1664 FWL 1752 FNL 1667 FWL
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: 4339 ft

18. Distance to nearest property line: 225 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1800 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.)
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 25. Distance to Nearest Mineral Lease Line: 347 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	36	0	2,942	1,100	2,942	0
1ST	9+3/4	7	29&32	0	8,003	1,770	8,003	0
OPEN HOLE	4+3/4			8003				8,003

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 8008' 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 400224254; re-entered here so this could be submitted Horizontal BHL is ~1800' from YD4

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
 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
400224255	FORM 2 SUBMITTED
400247576	H2S CONTINGENCY PLAN
400247577	OTHER
400247581	DIRECTIONAL DATA
400247582	DIRECTIONAL DATA
400247584	DRILLING PLAN
400247585	WELL LOCATION PLAT
400247588	TOPO MAP
400247592	CONST. LAYOUT DRAWINGS
400251041	LEGAL/LEASE DESCRIPTION

Total Attach: 10 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)