

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



Document Number:

400224254

Date Received:

02/10/2012

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

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: 8378

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 FSL 1664 feet 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

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: 4339 ft

18. Distance to nearest property line: 225 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 3370 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: 204 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/cover:salt disp. fclt
 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	8+3/4	7	29&32	0	8,003	1,770	8,003	0
OPEN HOLE	6						8,378	8,003

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None
 33. Comments This is the APD application for the vertical pilot hole as explained in the drilling plan; after production casing is set it will be drilled OH, logged and plugged back to a KOP for the horizontal well bore portion of the well. 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; Salt section cuttings and muds in vertical pilot will be de-watered and solids hauled offsite to disposal facility. Vertical BHL is ~3370' 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: 3/30/2012

API NUMBER **05 083 06695 00** Permit Number: _____ Expiration Date: 3/29/2014

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.

- 1) Provide 48 hour notice of spud to COGCC field inspector Steve Labowskie 970-259-0945
 steve.labowskie@state.co.us
 Provide the following information: Operator Name, Well Name and Number, API #, Spud Date, Contact Name, Contact Phone #, Email Address
- 2) Submit CBL on 7" production casing

Attachment Check List

Att Doc Num	Name
1792441	WELL LOCATION PLAT
400224254	FORM 2 SUBMITTED
400247578	H2S CONTINGENCY PLAN
400247579	OTHER
400247583	DRILLING PLAN
400247586	WELL LOCATION PLAT
400247587	TOPO MAP
400247589	CONST. LAYOUT DRAWINGS
400251042	LEGAL/LEASE DESCRIPTION

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Pilot hole. Final review completed.	3/29/2012 5:48:34 AM
Permit	LGD and public comment period expires 3/1/12	3/1/2012 6:18:05 AM
Permit	Operator erased SS numbers on lease. This form has passed completeness.	2/10/2012 1:26:57 PM
Permit	Returned to draft. SS numbers on lease.	2/10/2012 12:43:32 PM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)