

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:

400224191

Date Received:

03/01/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER CO2, pilot, #00
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

PluggingBond SuretyID

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: HB Well Number: 6

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

9. Proposed Total Measured Depth: 8570

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 36 Twp: 38N Rng: 19W Meridian: N

Latitude: 37.512253 Longitude: -108.894078

Footage at Surface: 1138 feet FNL 2443 feet FEL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6317 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 10/21/2011 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: 2838 ft

18. Distance to nearest property line: 182 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 2380 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 #: COC1713

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):

COC1713 (2034ac.); see lease map. Vertical BHL is 1136' from nearest lease SENE (COC14885)

25. Distance to Nearest Mineral Lease Line: 1136 ft 26. Total Acres in Lease: 2034

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. fct

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	3,486	1,325	3,486	0
1ST	8+3/4	7	29&32	0	8,195	1,485	8,195	0
OPEN HOLE	6							

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. Distance to the next nearest LDVLL is 2380' from the horizontal BHL of the HE5.

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: 3/1/2012 Email: Paul_Belanger@KinderMorgan

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: [Signature] Director of COGCC Date: 4/24/2012

Permit Number: _____ Expiration Date: 4/23/2014

API NUMBER
05 083 06699 00

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
1792440	WELL LOCATION PLAT
400224191	FORM 2 SUBMITTED
400252034	WELL LOCATION PLAT
400252065	DRILLING PLAN
400252066	H2S CONTINGENCY PLAN
400252067	OTHER
400252172	LEASE MAP

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Distance to nearest surface feature is 2838' as per operator, distance to nearest well in same formation is 1340' as per operator.	4/24/2012 11:09:42 AM
Permit	Pilot. Final review completed.	3/29/2012 6:36:39 AM
Permit	There was a transposition of the Minerals and Surface. It is Federal minerals and Fee surface as per Paul Belanger.	3/12/2012 2:27:02 PM
Permit	Several questions regarding whether this "vertical" is vertical as the supplied well location plat has a second page that gives the location 1987' to the north of the SHL. Might be just that the second page should not have been submitted. That would align it to the fact that no deviated drilling plan was submitted with this APD. Possible tranposition between the Fee minerals and Federal surface.	3/12/2012 9:22:11 AM

Total: 4 comment(s)

BMP

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

Total: 0 comment(s)