

FORM
2

Rev
12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

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Date Received:

03/14/2012

PluggingBond SuretyID

20090133

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: MINERAL RESOURCES, INC.

4. COGCC Operator Number: 57667

5. Address: PO BOX 328

City: GREELEY State: CO Zip: 80632

6. Contact Name: Collin Richardson Phone: (970)352-9446 Fax: (800)850-9334

Email: collin@mineralresourcesinc.com

7. Well Name: Island Grove Well Number: 2-32

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

9. Proposed Total Measured Depth: 11973

WELL LOCATION INFORMATION

10. QtrQtr: NWSW Sec: 32 Twp: 6N Rng: 65W Meridian: 6

Latitude: 40.441670 Longitude: -104.695660

Footage at Surface: 1627 feet FNL/FSL 272 feet FEL/FWL
FSL FWL

11. Field Name: Greeley Field Number: 32760

12. Ground Elevation: 4647 13. County: WELD

14. GPS Data:

Date of Measurement: 05/18/2011 PDOP Reading: 0.9 Instrument Operator's Name: Zack Waddle

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
460 FSL 1330 FWL 460 FNL 1323 FWL
Sec: 32 Twp: 6N Rng: 65W Sec: 32 Twp: 6N Rng: 65W

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: 224 ft

18. Distance to nearest property line: 217 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 873 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.)
NIOBRARA	NBRR		320	GWA

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 attached lease map and oil and gas lease.

25. Distance to Nearest Mineral Lease Line: 460 ft

26. Total Acres in Lease: 64

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+1/4	9+5/8	36	0	1,575	835	1,575	0
1ST	8+3/4	7	26	0	7,590	180	7,590	6,393
1ST LINER	6+1/8	4+1/2	11.6	7540	11,973			

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

33. Comments First string top of cement will be 200' above the Niobrara formation. The production liner will be hung off the inside of the 7" casing. No conductor casing will be used. 1. The surface location is not within a GWA drilling window. The landowner has agreed to the surface location of the well per the provisions of the attached surface use agreement. A request to the director is also attached. 2. The well pad will be constructed in accordance with the approved Form 2A, Island Grove Directional, Location ID 423393. The number of the wells, the surface location of the wells and the amount of disturbed area will remain the same as indicated on the Form 2A. This well will be part of Phase II of this project. Unit Configuration: W2 Sec 32

34. Location ID: 423393

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: Dan Hull

Title: Senior Project Manager Date: 3/14/2012 Email: dan.hull@LRA-inc.com

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: 4/26/2012

API NUMBER

05 123 35463 00

Permit Number: _____ Expiration Date: 4/25/2014

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 MIRU via an electronic Form 42.
- 2) Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from TD to surface. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.
- 4) At least two weeks prior to spud notice, the centralizer and cementing plans shall be submitted to the COGCC for review on a Form 4, Sundry Notice.
- 5) At least one well on the pad must have a complete set of open hole logs (Compensated Neutron, Dual Induction, Resistivity, etc.) run from TD to surface and submitted to the COGCC.
- 6) Four hours prior to running any casing, notification shall be provided to Ryan Hollinshead, COGCC Engineer at 303-894-2100 x5134.
- 7) Circulation prior to cementing shall be done to accepted industry standards.
- 8) A cement ticket documenting the cementing of the production casing shall be submitted in addition to the need for the CBL.
- 9) Bradenhead pressures shall be taken 6, 12, 24 and 48 hours after cementing production casing and prior to stimulation of the well. Once stimulation is complete, the bradenhead pressure shall be recorded at 24 hours, at 48 hours and at one week post-stimulation. Bradenhead pressures greater than 100 psi must be immediately reported on a Form 17 to the COGCC, sent to the attention of Ryan Hollinshead.
- 10) This well shall have a bradenhead test performed on an annual basis.
- 11) All bradenhead pressures shall be monitored with a gauge that has a maximum reading of one thousand pounds per square inch (psi).

Attachment Check List

Att Doc Num	Name
2113448	MULTI-WELL PLAN
2113487	MINERAL LEASE MAP
2113519	PROPOSED SPACING UNIT
2113522	PROPOSED SPACING UNIT
400254451	FORM 2 SUBMITTED
400254455	DIRECTIONAL DATA
400256415	OIL & GAS LEASE
400256417	SURFACE AGRMT/SURETY
400256420	EXCEPTION LOC REQUEST
400256421	WELL LOCATION PLAT
400256422	LEASE MAP
400256423	DEVIATED DRILLING PLAN

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Received and attached Certification letter (to accompany the proposed wellbore spacing unit). Final review complete.	4/26/2012 11:09:47 AM
Permit	Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached. Landowner waiver to Exception Loc is included in SUA	4/25/2012 2:31:40 PM
Permit	Emailed opr for status on missing information.	4/13/2012 10:15:36 AM
Permit	Rec'd new lease map. Also needs a wellbore spacing unit and 30 day cert letter. Opr Notified.	4/5/2012 3:17:25 PM
Permit	Added comments as per opr. Bonding issue had been corrected. Waiting on lease infor for BHL.	3/19/2012 3:37:24 PM
Permit	Form is on hold for bonding issue as well as an amended 2A, and property owner waiver, and the lease doesn't cover the BHL.	3/16/2012 9:57:07 AM
Permit	Operator must meet Water Well Testing requirements as per amended Rule 318A.	3/16/2012 9:46:00 AM
Permit	Check with bonding regarding plugging bond prior to approval.	3/14/2012 1:15:53 PM

Total: 8 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	A closed loop system will be used for all drilling fluids.

Total: 1 comment(s)