

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:

400224196

Date Received:

03/01/2012

PluggingBond SuretyID

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☐ GAS ☐ COALBED ☐ OTHER ☐ CO₂, horiz. #01
SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐

Sidetrack ☒

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: HE Well Number: 6

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

9. Proposed Total Measured Depth: 10191

WELL LOCATION INFORMATION

10. QtrQtr: TR 38 Sec: 1 Twp: 37N Rng: 19W Meridian: N

Latitude: 37.501180 Longitude: -108.903904

Footage at Surface: 275 feet FNL 10 feet FWL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6475 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 11/22/2011 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: 275 FNL 10 FWL 1714 FNL 1420 FWL
Sec: 1 Twp: 37N Rng: 19W Sec: 1 Twp: 37N Rng: 19W

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: 275 ft

18. Distance to nearest property line: 275 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 2465 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 #: COC22375&22368

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):

HE6: COC22375&22368. VERTICAL PILOT ENTERS LEADVILLE IN LEASE COC 22375 (120ac.); HORIZONTAL WELLBORE CONTINUES TO THE SOUTHEAST IN THIS SAME LEASE (COC22375) AND IF IT COMPLETES as planned IT WILL ENTER LEASE COC22368 (517.49ac.); see attached lease map. Since the horizontal wellbore crosses another lease, nearest distance is zero feet.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 637

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	2,997	1,325	2,997	0
1ST	8+3/4	7	29&32	0	8,186	1,485	8,186	0
OPEN HOLE	4+3/4			8186				8,186

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 8191' 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 400224195; re-entered here so this could be submitted. It is 2465' to the nearest LDVLL well (HE5). Nearest distance to county road Y is 1825'; other roads are private.

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: _____

Director of COGCC

Date: 4/26/2012

API NUMBER

05 083 06700 01

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 spud to COGCC 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) The operator shall comply with Rule 321 and it shall be the operator's responsibility to ensure that the well bore complies with setback requirements in Commission orders and/or rules prior to producing the well.

3) Run and submit Directional Survey for primary well bore and for each lateral section

Attachment Check List

Att Doc Num	Name
400224196	FORM 2 SUBMITTED
400256616	H2S CONTINGENCY PLAN
400256622	OTHER
400256631	WELL LOCATION PLAT
400256632	LEASE MAP
400257218	DRILLING PLAN
400257220	DEVIATED DRILLING PLAN
400257248	DIRECTIONAL DATA

Total Attach: 8 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Changed abbreviation for Tract from trk to TR.	4/26/2012 9:10:16 AM
Permit	Horizontal wellbore #01. Final review completed.	3/29/2012 6:22:26 AM
Permit	OHE to north of location at 275 feet as per operator and location photos.	3/29/2012 6:20:41 AM
Permit	Distance to the nearest well in the same formation given as 2465' appears to be closer to 1600'. Appears to be an overhead electric line approximately 275' north of the SHL and a transmission line to the east of the SHL but not designated as such in the footages. These OHE are shown on the location photos supplied for the form 2A.. Also, LGD statement in the Form 2A. "Kinder Morgan has submitted the necessary Permit Applications to the County. The applications are schedule for review by the Planning and Zoning Commission Board on March 22, 2012. The Planning and Zoning Commission Board will forward their recommendations to the Board of County Commissioners. It is anticipated that A public hearing will be held before the Board of County Commissioners sometime in April, 2012, wherein Kinder Morgan's local permits may be approved."	3/16/2012 9:19:40 AM

Total: 4 comment(s)

BMP

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

Total: 0 comment(s)