

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:

400224221

Date Received:

04/05/2012

PluggingBond SuretyID

20110027

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: YA Well Number: 7

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

9. Proposed Total Measured Depth: 9185

WELL LOCATION INFORMATION

10. QtrQtr: SWSE Sec: 13 Twp: 37N Rng: 18W Meridian: N

Latitude: 37.458440 Longitude: -108.782420

Footage at Surface: 615 feet FSL 2468 feet FEL

11. Field Name: MCELMO Field Number: 53674

12. Ground Elevation: 6692 13. County: MONTEZUMA

14. GPS Data:

Date of Measurement: 03/19/2012 PDOP Reading: 1.5 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
615 FSL 2468 FEL 67 FSL 1393 FEL
Sec: 13 Twp: 37N Rng: 18W Sec: 13 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: 2120 ft

18. Distance to nearest property line: 167 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1320 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):

"Fee: Lease attached for the SWSE QTRQTR of section 13."

25. Distance to Nearest Mineral Lease Line: 67 ft 26. Total Acres in Lease: 160

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	2,925	1,100	2,925	0
1ST	8+3/4	7	29&32	0	7,900	1,770	7,900	0
OPEN HOLE	4+3/4							

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 7905' 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 400224220; re-entered here so this could be submitted.

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: 4/5/2012 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: 5/3/2012

API NUMBER Permit Number: _____ Expiration Date: 5/2/2014

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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 and submit via form 42
- 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
1792456	CORRESPONDENCE
1792457	CORRESPONDENCE
400224221	FORM 2 SUBMITTED
400247938	H2S CONTINGENCY PLAN
400247939	OTHER
400268374	DIRECTIONAL DATA
400268375	DEVIATED DRILLING PLAN
400268383	WELL LOCATION PLAT
400268505	LEGAL/LEASE DESCRIPTION
400268545	DRILLING PLAN

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed.	5/3/2012 8:39:50 AM
Permit	All distance changes as per Paul Belanger of Kinder Morgan.	4/11/2012 12:45:09 PM
Permit	Changes to lease, distance to lease line, distance to nearest public road, removal of Federal lease number and acreage in lease submitted by Paul Belanger see correspondence in attachments. Requested review of distance to nearest public road.	4/11/2012 8:12:59 AM
Permit	Distane to nearest public road....stc. given as 3753`' but county road 14.00 is right at 2100'. The horizontal wellbore does not appear to cross into a Fed. minerals lease as stated in Operator comments. Appears to be within 107' of the lease line. It appears that Line #25 is in question as the provided lease is 160 acres and the entire wellbore is within the same lease. Therefore, should be 160 acre lease not 200. Need to contact Paul Belanger.	4/6/2012 7:52:04 AM

Total: 4 comment(s)

BMP

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

Total: 0 comment(s)