

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:

400253262

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: Poudre Trail 5 Well Number: 2-2-1

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

9. Proposed Total Measured Depth: 8148

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 2 Twp: 5N Rng: 66W Meridian: 6

Latitude: 40.430760 Longitude: -104.739270

Footage at Surface: 2418 feet FNL/FSL 1189 feet FEL/FWL
FNL FEL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4700 13. County: WELD

14. GPS Data:

Date of Measurement: 05/18/2011 PDOP Reading: 1.4 Instrument Operator's Name: Z. 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
1334 FNL 1329 FWL 1334 FNL 1329 FWL
Sec: 1 Twp: 5N Rng: 66W Sec: 1 Twp: 5N Rng: 66W

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: 318 ft

18. Distance to nearest property line: 85 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1329 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-Codell	NB-CD	407-87	160	NW/4

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 oil and gas lease map and oil and gas lease.

25. Distance to Nearest Mineral Lease Line: 1329 ft

26. Total Acres in Lease: 38

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	8+5/8	24	0	440	300	440	0
1ST	7+7/8	4+1/2	11.6	0	8,148	247	8,148	7,160

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

33. Comments No conductor casing will be set. Unit Configuration: NW/4 of Section 1 T5N R66W Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Mineral Resources requests an exception location to 318Aa, 318Ac. Exception request is attached. The land owner waiver is obtained within Recital 11 of the signed pad site agreement, which is attached. Wellhead is to be located within 150' of a property line. Mineral Resources requests an exception location to 603.a(2). Exception request is attached. The land owner waiver is obtained within Recital 11 of the signed pad site agreement, which is attached.

34. Location ID: 423325

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: da.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: _____

Director of COGCC

Date: 5/2/2012

API NUMBER

05 123 35501 00

Permit Number: _____

Expiration Date: 5/1/2014

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.

Operator must meet Water Well Testing requirements as per amended Rule 318A.

- 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
2113447	EXCEPTION LOC REQUEST
2113527	EXCEPTION LOC REQUEST
2481515	SURFACE CASING CHECK
400253262	FORM 2 SUBMITTED
400253293	DIRECTIONAL DATA
400258772	DEVIATED DRILLING PLAN
400258777	WELL LOCATION PLAT
400258779	LEASE MAP
400258781	EXCEPTION LOC REQUEST
400258784	WAIVERS
400258785	SURFACE AGRMT/SURETY
400261541	OIL & GAS LEASE

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrections and comments uploaded and made at opr's request. Final Review Completed. No LGD or public comment received.	4/30/2012 4:26:39 PM
Permit	Operator requests approval of a Rule 603.a.(2) exception location: Wellhead is to be located less than 150' from a property line. Request letter and waivers attached. Operator requests approval of a Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Request and Waiver attached. Final Review complete.	4/18/2012 11:29:48 AM
Permit	On hold for exception loc waiver and plan.	3/16/2012 1:40:54 PM
Permit	Operator corrected plugging bond and casing information. This form has passed completeness.	3/15/2012 9:29:33 AM
Permit	Returned to draft. Invalid plugging bond, casing information.	3/15/2012 7:16:37 AM

Total: 5 comment(s)

BMP

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

Total: 1 comment(s)