

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:

400256571

Date Received:

03/09/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER lateral
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

PluggingBond SuretyID

20050122

3. Name of Operator: HILCORP ENERGY COMPANY

4. COGCC Operator Number: 10133

5. Address: P O BOX 61229

City: HOUSTON State: TX Zip: 77208

6. Contact Name: John McKnight Phone: (713)289-2755 Fax: (713)209-2478

Email: jmcknight@hilcorp.com

7. Well Name: Myers Well Number: 21-06CH

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

9. Proposed Total Measured Depth: 9979

WELL LOCATION INFORMATION

10. QtrQtr: Lot 3 Sec: 6 Twp: 14S Rng: 63W Meridian: 6

Latitude: 38.865690 Longitude: -104.491510

Footage at Surface: 625 feet FNL 1980 feet FWL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 6340 13. County: EL PASO

14. GPS Data:

Date of Measurement: 02/24/2012 PDOP Reading: 1.1 Instrument Operator's Name: K. Daley

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: 716 FNL 1979 FWL Bottom Hole: 600 FSL 1980 FWL
Sec: 6 Twp: 14S Rng: 63W Sec: 6 Twp: 14S Rng: 63W

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: 2595 ft

18. Distance to nearest property line: 625 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 716 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			

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.

25. Distance to Nearest Mineral Lease Line: 600 ft 26. Total Acres in Lease: 1020

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: Closed Loop

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	17+1/2	16+3/8	0	0	40	0	40	0
SURF	13+1/2	10+3/4	40.50	0	1,600	550	1,600	0
1ST	8+1/2	5+1/2	20	0	9,980	1,390	9,980	0

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

33. Comments This Form 2 represents the horizontal leg which will be drilled out of the same bore hole of the attached Form 2 representing the vertical pilot hole. There are no wells within one mile of the proposed location.

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: Chris F. McRickard

Title: Permit Agent Date: 3/9/2012 Email: chris@banko1.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: 5/17/2012

API NUMBER
05 041 06072 01

Permit Number: _____ Expiration Date: 5/16/2014

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 prior to spud via Form 42.
- 2) Provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

Att Doc Num	Name
1698859	DRILLING PLAN
2331964	SURFACE CASING CHECK
400256571	FORM 2 SUBMITTED
400259341	TOPO MAP
400259344	DEVIATED DRILLING PLAN
400260103	LEGAL/LEASE DESCRIPTION
400260138	DRILLING PLAN
400260139	PLAT
400260523	DIRECTIONAL DATA

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review passed 5/15/2012 NKP	5/15/2012 9:33:51 AM
Permit	Per opr: . Both of the vertical portions of these wells will be plugged backed as planned and will produce 716 feet from the BHL of the vertical well bores according to the horizontal well surveys submitted to the COGCC. Revised casing program submitted 4/20/2012 is the planned program. Correct distance to nearest lease line is 600 feet from bottom hole.	5/15/2012 8:05:48 AM
Engineer	Changed 5 1/2" casing sx cement to 1390 (695+695) per new drilling plan.	5/9/2012 11:19:11 AM
Permit	Per opr, will submit new casing program at request of COGCC engineering. On hold awaiting that information. 4/19/2012	4/19/2012 2:26:17 PM
Permit	This location is included in Rule 318.a which specifies that productive interval must be at least 600 feet from the lease boundary and 1200 feet from other permitted/producing wells in the same formation.	4/11/2012 6:06:54 PM
Permit	Per opr: distance to nearest property line is 625 feet. This land is not included in any spacing order. The unit configuration should be blank. 4/11/2012.	4/11/2012 6:06:33 PM
Permit	Email to opr to verify unit configuration. 4/11/2012 NKP	4/11/2012 7:32:54 AM
LGD	No comment per DKM.	3/29/2012 2:49:55 PM
Permit	Operator corrected surface and minerals information and directional template. This form has passed completeness.	3/13/2012 6:49:35 AM
Permit	Returned to draft. Invalid surface and minerals information and no directional template. Field number and O&G lease corrected by operator.	3/12/2012 6:39:42 AM
Permit	Returned to draft. Missing field number, surface and minerals information, O&G lease does not cover the BHL, no directional template.	3/9/2012 2:21:15 PM

Total: 11 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Storm Water/Erosion Control	Hilcorp will implement a storm water and erosion plan to prevent sedimentation and erosion.

Total: 1 comment(s)