

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:

400263272

Date Received:

04/05/2012

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: chris@banko1.com

7. Well Name: State Well Number: 14-9BH

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

9. Proposed Total Measured Depth: 10647

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 9 Twp: 3N Rng: 62W Meridian: 6

Latitude: 40.233350 Longitude: -104.335770

Footage at Surface: 150 feet FSL 690 feet FWL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 4631 13. County: WELD

14. GPS Data:

Date of Measurement: 11/30/2011 PDOP Reading: 1.2 Instrument Operator's Name: R. Daley

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 _____
886 FSL 500 FWL 600 FNL 500 FWL
Sec: 9 Twp: 3N Rng: 62W Sec: 9 Twp: 3N Rng: 62W

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: 915 ft

18. Distance to nearest property line: 150 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1489 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		640	GWA

21. Mineral Ownership: Fee State Federal Indian Lease #: 7873.3

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: 20110175

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):

T3N R62W Sec. 9: (ALL)

25. Distance to Nearest Mineral Lease Line: 600 ft 26. Total Acres in Lease: 640

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 Drilling

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+1/20		0	0	40	0	0	0
SURF	13+1/2	10+3/4	40.5	0	2,000	1,280	2,000	0
1ST	12+1/4	9+5/8	36	0	6,740	1,100	6,740	
2ND	8+1/2	5+1/2	20	0	10,631	1,010	10,631	

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

33. Comments 1) A Closed Loop drilling system will be utilized. 2) Hilcorp will utilize a cuttings pit for down hole debris. Before cuttings are buried onsite in cuttings pit, Hilcorp will have cuttings tested. 3) This Form 2 is for the Horizontal Leg. A separate Form 2 will be identified in the "Related Forms" tab and will represent the pilot hole. 4) Closet mineral lease measured from proposed BHL.

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: 4/5/2012 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: 6/5/2012

API NUMBER **05 123 35718 01** Permit Number: _____ Expiration Date: 6/4/2014

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 sampling requirements as per Rule 318A.

- 1) Provide 48 hour notice prior to spud via electronic Form 42.
- 2) Provide cement coverage from base of intermediate casing 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
1897727	DEVIATED DRILLING PLAN
1897730	DRILLING PLAN
2332474	SURFACE CASING CHECK
2532226	WELL LOCATION PLAT
2532231	DEVIATED DRILLING PLAN
2532306	PROPOSED SPACING UNIT
2532332	EXCEPTION LOC WAIVERS
2532339	DRILLING PLAN
400263272	FORM 2 SUBMITTED
400264635	TOPO MAP
400268647	DRILLING PLAN
400272980	DIRECTIONAL DATA

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comment received; final review completed.	3/1/2012 6:18:21 AM
Permit	This is the lateral permit for a pilot/lateral drilling plan.	3/1/2012 6:17:03 AM
Engineer	Operator submitted new casing plan. Uploaded #1897730 - Drilling Plan.	5/31/2012 4:43:08 PM
Engineer	Operator will submit changes to casing plan to include intermediate casing.	5/31/2012 11:48:44 AM
Engineer	Per operator correspondence: From:Mark Johnson [mark@banko1.com] Sent:Wednesday, May 30, 2012 12:01 PM. Hilcorp has agreed they will not stimulate in the approx. 500' of the horizontal wellbore within the 300' radius of the Colorado #1, API# 123-05124. In addition Hilcorp will monitor the Lost Creek Development #23, API#123-22545. Uploaded #1897727 - Deviated Drilling Plan showing relative locations of these wells.	5/31/2012 10:37:23 AM
Engineer	Pending operator decision to move wellpath to maintain 300' setback or reduce stimulation volume to minimize risk of impacting offset from DA wellbore Colorado #1, API#123-05124.	5/25/2012 12:12:47 PM
Permit	Updated permit with exception loc request and waiver for 318Aa. Operator requests approval of Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Waiver and exception request attached.	5/9/2012 11:56:11 AM
Permit	Operator has provided the revised casing info. Engineering review of the offset wells in process.	5/7/2012 12:15:53 PM

Engineer	CASING PROGRAM Total Measured Depth (MD)Hole DiameterCasing DiameterCasing Weight And GradeCement 0'- 40'24"20"Conductor CasingRedimix to surface Surface 0' - 2,000'13-1/2"10-3/4"K-55 40.5 lbm/ftLead: +/- 455 sks Swiftcem B2 Tail +/- 215 sks Swiftcem B2* Horizontal Production 0' - 10,631'8-1/2"5-1/2"HCP 110 20 lbm/ftLead +/- 1045 sks Expandacem** casing/cement changes per operator agent	5/7/2012 11:09:01 AM
Permit	Operator has provided proposed spacing unit attachments.	5/2/2012 12:17:10 PM
Permit	Operator provided new directional plan, template, new TD and top of production zone and distance to another Niobrara well.	4/17/2012 9:00:13 AM
Permit	Operator is working on new casing plans; will submit later.	4/13/2012 11:46:21 AM
Permit	The bottom hole location is moving to the west. Operator has submitted a new location plat.	4/13/2012 11:24:33 AM
Permit	SLB is satisfied with the bond.	4/12/2012 8:47:07 AM
Permit	On hold - Well is being drilled from outside the established drilling windows as defined in 318Aa. Need an exception location request letter and property line waiver.	4/9/2012 7:18:22 AM
Permit	On hold - No surface use agreement allowing operator to drill a well in this section to produce minerals from another lease in another section.	4/9/2012 6:11:18 AM
Permit	Notified the State Land Board	4/9/2012 6:07:11 AM
Permit	Hillcorp has verified that the their lease is 640 acres or the whole section.	4/9/2012 5:59:08 AM
Permit	Well is in the GWA require that the permit contain a proposed wellbore spacing unit if the section is not spaced for a niobrara horizontal	4/9/2012 5:53:45 AM
Permit	This is the lateral permit for a pilot/lateral drilling plan.	4/9/2012 5:48:39 AM
Permit	Operator corrected deviated drilling plan. This form has passed completeness.	4/6/2012 9:57:46 AM
Permit	Returned to draft. Missing deviated drill plan.	4/6/2012 7:49:49 AM

Total: 22 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Storm Water/Erosion Control	Proper storm water management fence lines will be utilized to control storm water and sediment erosion.
Drilling/Completion Operations	<p>Best Management Practice for a Wellbore Fracturing Stimulation</p> <ol style="list-style-type: none">1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation.2. The operator will monitor the bradenhead pressure of all wells within 300 feet of the well to be fracture stimulated.3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved. Alternate electronic measurement may be used to record the prescribed pressures. Data shall be kept for a period of one year.4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken.5. During stimulation take precautions to decrease risk of communicating with nearby PA and DA wells. It was agreed in a meeting with Banko personnel on 5/23/12 at COGCC that the Fox Hills is covered in the Crystal State 13-9, API# 123-09567 and therefore not a concern. Maintain 300' setback or reduce stimulation volume on segments of the borehole within 300' of the Colorado #1, API# 123-05124.

Total: 2 comment(s)