

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:

400291097

Date Received:

06/06/2012

PluggingBond SuretyID

20090106

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER Disposal
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

3. Name of Operator: EAST CHEYENNE GAS STORAGE LLC

4. COGCC Operator Number: 10322

5. Address: 10901 WEST TOLLER DRIVE - SUITE 200

City: LITTLETON State: CO Zip: 80127

6. Contact Name: Greg Francis Phone: (720)351-4003 Fax: (720)351-4200

Email: gfrancis@mehllc.com

7. Well Name: ECGS Well Number: 6-20J WPW003

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

9. Proposed Total Measured Depth: 5350

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 6 Twp: 11N Rng: 52W Meridian: 6

Latitude: 40.950800 Longitude: -103.212870

Footage at Surface: 653 feet FSL 731 feet FEL

11. Field Name: Peetz West Field Number: 68300

12. Ground Elevation: 4553 13. County: LOGAN

14. GPS Data:

Date of Measurement: 03/28/2012 PDOP Reading: 1.8 Instrument Operator's Name: Darren Veal

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

Sec: Twp: Rng: Sec: Twp: Rng:

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: 653 ft

18. Distance to nearest property line: 653 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 6912 ft

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.)
Dakota J Sandstone	DK-J			

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):

SE1/4 Sec 6, T11N R52W

25. Distance to Nearest Mineral Lease Line: 653 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: _____

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	13+1/2	9+5/8	36	0	1,200	720	1,200	0
S.C. 1.2	8+3/4	7+0/0	26	0	5,275	80	4,875	0
1ST LINER	6+1/4	4+1/2	13.5	5275	5,350	10	5,350	5,275

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

33. Comments Form 2 is being submitted under the COGCC permitting guidelines dated may 27,2010. The document is entitled "East Cheyenne West Peetz Field Gas Storage Project Permitting & Reporting Requirements". Well will be drilled as a gas storage water disposal well. Water recovered from gas storage operations in the Dakota D Formation will have to be disposed of in close proximity to the gas operations to keep costs down. Dakota J Formation is under pressured (280 psi) due to oil production (1.8 MMBO) in the West Peetz Field. Water salinity characteristics of both formations are similar and Dakota J Sandstone needs to be re-pressured before gas storage operations can commence in the Dakota J.

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: Greg Francis

Title: Project Geologist Date: 6/6/2012 Email: gfrancis@mehllc.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: [Signature] Director of COGCC Date: 6/30/2012

Permit Number: _____ Expiration Date: 6/29/2014

API NUMBER
05 075 09407 00

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 hr notice prior to spud via electronic Form 42.
- 2) Provide cement coverage from TD to a minimum of 200' above D Sand. Verify coverage with cement bond log.
- 3) If dry hole, set 60 sks cement from 50' below D Sand base to 100' above D Sand top, 50 sks cement ½ out, ½ in surface casing, 10 sks cement top of surface casing, cut 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.

Attachment Check List

Att Doc Num	Name
400291097	FORM 2 SUBMITTED
400292477	PLAT
400292478	OTHER
400292479	LOCATION PICTURES
400292480	TOPO MAP
400293094	SURFACE AGRMT/SURETY

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Lands in section 6 part of the unitized West Peetz enhanced recovery unit and gas storage project.	6/29/2012 11:18:45 AM
Permit	Final review completed; no LGD or public comment received.	6/29/2012 11:07:23 AM
Permit	Well will be drilled as a gas storage water disposal well.	3/8/2012 6:51:28 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Drilling/Completion Operations	<p>East Cheyenne Gas Storage Best Management Practices & Procedures East Cheyenne Gas Storage, LLC will utilize the following "Best Management Practices" (BMP) where appropriate to prevent or reduce the impacts caused by gas and oil operations.</p> <ol style="list-style-type: none"> 1) When building new well sites, limit the surface area to be disturbed to that which is required. When a new well is drilled and put on production, reclaim the unneeded well pad area to reduce the disturbed surface area and allow the landowners to use it for agriculture. 2) When a previously plugged well is re-entered to re-plug all abandoned production zones, abandoned well in such a manner so as to minimize any surface disturbance. No dry hole marker monument is to be used and well location is to be restored to previous grade. 3) Return the land surface to pre-used condition by reforming the surface to match the surrounding area including: terracing, drainage replacement, drainage repair, and the re-seeding in a manner that is specified by the land use agreement or surface owner. 4) Spray location to control noxious weeds annually. 5) Inspect facilities for erosion and install erosion controls where required. 6) Utilize existing roads as much as possible and build new roads to minimize land disturbance area. 7) Fill drill site pits within 120 days after completion of well and subject to pit fluid levels, pit moisture, and weather. 8) Hydrocarbon storage tanks are to be surrounded by impermeable berms to prevent spills from escaping off-site. 9) Open top tanks and unattended pits that may contain hydrocarbons will be fenced and covered with nets to protect fowl and animals. 10) Procedural plans are in place to prevent, control and cleanup hydrocarbon spills.

Total: 1 comment(s)