

FORM
2

Rev
12/05

State of Colorado

Oil and Gas Conservation Commission

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Document Number:

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Date Received:

06/26/2012

PluggingBond SuretyID

20000063

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: MULL DRILLING COMPANY INC

4. COGCC Operator Number: 61250

5. Address: 1700 N WATERFRONT PKWY B#1200

City: WICHITA State: KS Zip: 67206-6637

6. Contact Name: MARK SHREVE Phone: (316)264-6366 Fax: (316)264-6440

Email: MSHREVE@MULLDRILLING.COM

7. Well Name: SAT UNIT Well Number: 1-14

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

9. Proposed Total Measured Depth: 5000

WELL LOCATION INFORMATION

10. QtrQtr: SWSW Sec: 14 Twp: 17S Rng: 45W Meridian: 6

Latitude: 38.573580 Longitude: -102.434710

Footage at Surface: _____ feet FNL/FSL _____ feet FEL/FWL _____ feet FSL _____ feet FWL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4101 13. County: KIOWA

14. GPS Data:

Date of Measurement: 06/15/2012 PDOP Reading: 3.1 Instrument Operator's Name: KEITH WESTFALL

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: 159 ft

18. Distance to nearest property line: 171 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1879 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.)
MARMATON	MRTN			
MISSISSIPPIAN	MSSP			
MORROW	MRRW			

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):

SW/4 SECTION 14, E/2 SECTION 15, NE/4 SECTION 21, ALL SECTION 23 AND NW/4 SECTION 27-T17S-R45W, 6TH P.M.

25. Distance to Nearest Mineral Lease Line: 1251 ft 26. Total Acres in Lease: 1440

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: DRY BURY

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	300	200	300	0
1ST	7+7/8	5+1/2	15.5	0	5,000	250	5,000	3,500
			Stage Tool	0	2,300	300	2,300	0

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

33. Comments NO CONDUCTOR OR INTERMEDIATE CASING WILL BE SET.

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: MARK SHREVE

Title: PRESIDENT/COO Date: 6/26/2012 Email: MSHREVE@MULLDRILLING.

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: Matthew Lee Director of COGCC Date: 8/17/2012

API NUMBER

05 061 06877 00

Permit Number: _____ Expiration Date: 8/16/2014

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.

Wellhead is 159 feet to the nearest aboveground utility / building unit / public road. The rig used to drill the subject well must not have a derrick height of greater than one and one-half (1-1/2) times the rig height or 106 feet. Operator notified of the addition of a rig height COA.

- 1) Provide 48 hr notice prior to spud via electronic Form 42.
- 2) If production casing is set cement from TD to 200' above shallowest completed interval or 200' above Lansing, whichever is shallower. Ensure cement coverage of Cheyenne & Dakota interval (1730' – 1150' minimum). Verify with CBL.
- 3) If well is a dry hole set the following plugs: 40 sks cement 50' above the Mississippi, 40 sks cement 50' above the Morrow, 40 sks cement 50' above the Lansing, 40 sks cement across any DST w/ show, 40 sks cement at 1730', 40 sks cement at 1150', 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface csg, cut 4 feet below GL, weld on plate, 5 sks cement in rat hole and mouse hole.

Attachment Check List

Att Doc Num	Name
2170273	SURFACE CASING CHECK
400299370	FORM 2 SUBMITTED
400299527	H2S CONTINGENCY PLAN
400299528	PLAT
400299529	TOPO MAP
400299619	30 DAY NOTICE LETTER

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	8/17/2012 2:39:07 PM
Permit	Distance to road was incorrect. Well location was moved prior to APD submittal. Former setback left on permit. Setback corrected.	8/17/2012 2:36:44 PM
Final Review	well head location is 159' from a public road; application needs rig height verification or COA	8/17/2012 1:03:54 PM
Permit	The well location falls within an area that potentially may have higher than average levels of H2S gas. Operator provided BMP and Contingency plan.	3/9/2012 8:05:09 AM

Total: 4 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Storm Water/Erosion Control	<ul style="list-style-type: none"> • During drilling / completion operations, implementation of Storm Water Pollution Prevention Plan • Following drilling/completion operations, prompt reclamation of disturbed areas • During production operations, implementation of MDC's Post Construction Storm Water Management Program
Final Reclamation	<ul style="list-style-type: none"> • All equipment and debris removed • All remaining disturbed areas, including access roads, reclaimed • Noxious Weed Control Plan developed if appropriate
Planning	<p>PLANNING</p> <ul style="list-style-type: none"> • Conduct Initial Site Assessment <ul style="list-style-type: none"> o Identification of nearby water bodies o Identification of vegetation types o Identification of protected wildlife species o Identification of potential access routes to minimize disturbances o Identification of nearby improvements

Interim Reclamation	<ul style="list-style-type: none"> • Debris and waste material removed • Areas not in use reclaimed promptly; pits closed using segregated material; well pad and other compacted surfaces ripped • Noxious weeds controlled
Site Specific	Reporting of the presence of H2S will be done via verbal and email notices. Verbal notice with a follow up email will be provided as soon as practicable upon detection of H2S to COGCC's area engineer and the local government designee.
Material Handling and Spill Prevention	<ul style="list-style-type: none"> • During drilling/completion operations, storage areas graded towards pit • During production operations, implementation of Spill Prevention, Control and Countermeasure Plan & daily inspection • All stock and produced water tanks have secondary containment
General Housekeeping	<ul style="list-style-type: none"> • Drilling and production operations conducted in safe, workmanlike manner. Safety expectations include good housekeeping. • During drilling/completion operations, debris stored in caged container which is removed from the site. • During production operations, the lease is inspected daily by MDC personnel.
Construction	<ul style="list-style-type: none"> • Access road, well pad and pit disturbances minimized • Soils segregated by type to facilitate reclamation • Storm water controls deployed and routinely inspected
Drilling/Completion Operations	<p>Includes Structural Practices:</p> <ul style="list-style-type: none"> • Implement Storm Water Pollution Prevention Plan, including routine inspections and evaluation of effectiveness • Locate tank batteries at safe distance from public roadways and railhead • Full containment for stock tanks and separators • Installation of pipelines in common trenches when practical • Installation of pipelines at right angles to water bodies (drainages, wetlands, perennial water bodies) where practical
Pre-Construction	<ul style="list-style-type: none"> • Preparation of a Storm Water Pollution Prevention Plan. Acquisition of a Storm Water Discharge Permit • Consultation with the surface landowner or appointed agent • Finalize access routes • Finalize well pad location to minimize surface grade impacts • Finalize well pad layout to minimize disturbances • Develop wildlife management plan if protected species are present
Wildlife	<ul style="list-style-type: none"> • Development and implementation of a Wildlife Management Plan if protected species are present

Total: 11 comment(s)