

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:

400299881

Date Received:

06/27/2012

PluggingBond SuretyID

20120059

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: PETROLEUM RESOURCE MANAGEMENT CORP.

4. COGCC Operator Number: 10421

5. Address: 1580 LINCOLN ST., STE 635

City: DENVER State: CO Zip: 80203

6. Contact Name: Duncan Shepherd Phone: (303)861-9480 Fax: (303)861-7362

Email: petromgt@comcast.net

7. Well Name: Sheehan 2 Well Number: 4-2

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

9. Proposed Total Measured Depth: 7000

WELL LOCATION INFORMATION

10. QtrQtr: TR 37 Sec: 2 Twp: 10N Rng: 89W Meridian: 6

Latitude: 40.852625 Longitude: -107.336557

Footage at Surface: 2082 feet FNL/FSL 350 feet FEL/FWL
FNL FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 8266 13. County: MOFFAT

14. GPS Data:

Date of Measurement: 05/12/2012 PDOP Reading: 3.0 Instrument Operator's Name: Dan Siek

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: 4650 ft

18. Distance to nearest property line: 1046 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 8 mi

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.)
Fort Union	FTUN			
Lance	LNCE			
Lewis Shale	LWIS			
MesaVerde	MVRD			
Wasatch	WSTC			

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):

Tract 37, portions of Section 1 and 2, T10N, R89W, 6th PM

25. Distance to Nearest Mineral Lease Line: 1046 ft 26. Total Acres in Lease: 162

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: Dried in pit and buried.

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	16		0	40	0		
SURF	12+1/4	8+5/8	24	0	980	711	980	0
1ST	7+7/8	5+1/2	17	0	7,000	1,045	7,000	0

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

33. Comments A SOW 11" x 8-5/8" 3000 psi casing head will be installed.

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: Rick Obernolte

Title: Agent Date: 6/27/2012 Email: rickobe1@aol.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: Matthew Lee Director of COGCC Date: 9/4/2012

API NUMBER

05 081 07750 00

Permit Number: _____ Expiration Date: 9/3/2014

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 600 FEET DEEP.

(3) Because there is a 600'-deep water well within a mile of this proposed well, and the water well is at an elevation of 7940', the surface casing of the proposed gas well has to be increased, to 980' deep. This will also ensure that the bottom of surface casing is 50'+ below the bottom of the water well.

Attachment Check List

Att Doc Num	Name
400299881	FORM 2 SUBMITTED
400299909	ACCESS ROAD MAP
400299911	CONST. LAYOUT DRAWINGS
400299912	CONST. LAYOUT DRAWINGS
400299914	WELL LOCATION PLAT
400299916	HYDROLOGY MAP

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected qtr/qtr to Tract 37. Corrected dist. to nearest well to 8 miles. Per oper. corrected #17.	8/17/2012 8:37:57 AM
Permit	Added related 2A.	8/15/2012 12:56:04 PM
Permit	Operator made correction.	7/13/2012 2:10:54 PM
Permit	Returned to draft. Still needs hole size for conductir casing.	7/13/2012 9:56:24 AM
Permit	Returned to draft. Left out size of hole for conductor casing.	6/27/2012 1:54:57 PM

Total: 5 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)