

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:

2288995

Date Received:

09/06/2012

PluggingBond SuretyID

20120073

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER PILOT
SINGLE ZONE MULTIPLE COMMINGLE

Refiling
Sidetrack

3. Name of Operator: CHAMA OIL & MINERALS LLC

4. COGCC Operator Number: 10431

5. Address: PO BOX 50203

City: MIDLAND State: TX Zip: 79710

6. Contact Name: WILLIAM HEARD Phone: (432)683-8000 Fax: (432)683-8250

Email: BILL.HEARD@CHAMAOIL.COM

7. Well Name: PRONGHORN STATE 16-15-48 Well Number: 1P

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

9. Proposed Total Measured Depth: 6200

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 16 Twp: 15S Rng: 48W Meridian: 6

Latitude: 38.736870 Longitude: -102.778480

Footage at Surface: 600 feet FNL/FSL FSL 660 feet FEL/FWL FEL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4265 13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 08/08/2012 PDOP Reading: 2.2 Instrument Operator's Name: R GABRIEL

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: 600 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5280 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.)
MORROW LIME (KEYES)	MR-KY			
SPERGEN	SPGN			
ST. LOUIS	STLS			

21. Mineral Ownership: Fee State Federal Indian Lease #: 1999.12

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):

SEC 16 (ALL), T-15-S, R-48-W

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: _____

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	9+5/8	36	0	500	250	500	0
1ST	8+3/4	7	26	0	5,750	400	5,750	3,400
2ND	6+1/8	4+1/2	13.5	0	9,300	0	0	0

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

33. Comments TEH PRONGHORN STATE 16-15-48 #1P AND #1H ARE BEING DRILLED AT THE SAME LOCATION. THE #1P WILL BE A PILOT HOLE DRILLED TO APPROXIMATE TD OF 6200'. WELL WILL BE PLUGGED BACK AND #1H HORIZONTAL WILL BE DRILLED AS NOTED ON LOCATION PLAT. No conductor to be set on this well per operator email request and permission to add comment, see Comments section email.

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: WILLIAM HEARD

Title: DRILLING ENGINEER Date: 9/5/2012 Email: BILL.HEARD@CHAMAOIL.CO

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: 10/6/2012

API NUMBER
05 017 07727 00

Permit Number: _____ Expiration Date: 10/5/2014

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 electronic Form 42.
- 2) Provide cement coverage from TD to at least 200' above the shallowest completed interval or 200' above Spergen, whichever is shallower. Cement across Cheyenne/Dakota aquifers (minimum 2050' – 1350'). Verify with CBL.
- 3) Plugback pilot hole: 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above any DST w/ show.

Attachment Check List

Att Doc Num	Name
2172030	SURFACE CASING CHECK
2288995	FORM 2 SUBMITTED
400325587	WELL LOCATION PLAT

Total Attach: 3 Files

General Comments

User Group	Comment	Comment Date
Permit	Final review completed; no LGD or public comment received.	10/4/2012 10:44:33 AM
Permit	Chama has met all of the SLBs requirements under the lease. COGCC surface bond issue resolved.	10/4/2012 10:44:09 AM
Permit	Notified State Land Board. State Land Board still finalizing agreement. 10/2/2012	10/1/2012 7:10:17 AM
Permit	This is the pilot hole of pilot/lateral drilling plan.	9/12/2012 6:40:06 AM
Permit	Well producing from the same common source formation is more than a mile away.	9/12/2012 6:32:09 AM
Permit	<p>From: Bill Heard [mailto:bheard@sierra-engineering.net] Sent: Tuesday, September 11, 2012 2:08 PM To: Reckles, Nikki Subject: RE: Return to Draft: Document No. 2288995, 228890 and 2288982</p> <p>Nikki, Please see my responses below in red. You have my permission to make the changes as noted. My apologies for leaving that off – intermediate hole will be 8-3/4” with cement bottom 5,750’ and top 3,400’, production hole will be 6-1/8” with no cement. Thanks for your help. Bill Heard Chama Oil & Minerals</p> <p>From: Reckles, Nikki [mailto:Nikki.Reckles@state.co.us] Sent: Tuesday, September 11, 2012 11:43 AM To: Bill Heard Subject: Return to Draft: Document No. 2288995, 228890 and 2288982</p> <p>Hi Bill, The above referenced forms were returned to draft for the following reason(s): Document No. 228895 – Pronghorn 1P-pilot hole: 1. Missing plugging bond surety number. 2012-0073 2. Missing casing first string information and conductor pipe information. If no conductor pipe is used, this must be noted in the Operator Comments section. No conductor to be set on this well. Surface casing is 9-5/8” 36# set at 500’ with 250 sx cement. Intermediate casing is 7” 26# set at 5,750’ with 400 sx cement. Production casing is 4-1/2” 13.5# set at 9,300’ TD. Document No. 2288990 – Pronghorn 1H: 1.Missing plugging bond surety number. 2012-0073 Document No. 2288982 – Pronghorn Form 2A: 1.Missing well surety number. 2012-0075</p>	9/11/2012 3:41:23 PM
Permit	<p>Return to Draft: Emailed Bill Heard due to paper submission of Form 2. 1. Missing plugging bond surety ID. 2. Missing casing first string information and conductor pipe information. If no conductor pipe is used, this must be noted in the Operator Comments section.</p>	9/11/2012 10:02:23 AM

Total: 7 comment(s)

BMP

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

Total: 0 comment(s)