

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:

2288934

Date Received:

08/31/2012

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: KERN STATE 36-16-46 Well Number: 1P

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

9. Proposed Total Measured Depth: 6200

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 36 Twp: 16S Rng: 46W Meridian: 6

Latitude: 38.626530 Longitude: -102.512550

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

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4131 13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 08/15/2012 PDOP Reading: 2.6 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: 4680 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5280 ft

LEASE, SPACING AND POOLING INFORMATION

Table with 5 columns: Objective Formation(s), Formation Code, Spacing Order Number(s), Unit Acreage Assigned to Well, Unit Configuration (N/2, SE/4, etc.)

21. Mineral Ownership:  Fee  State  Federal  Indian Lease #: 2002.12

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):

SECTION 36 (ALL), T-16-S, R-46-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	5,500	400	5,500	3,400
2ND	6+1/8	4+1/2	13.5	0	9,100	0		

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

33. Comments THE KERN STATE 36-16-46 #1P AND #1H ARE BEING DRILLED AT THE SAME LOCATION. THE #1P WILL BE A PILOT HOEL DRILLED TO APPROXIMATE TD/TVD OF 6200'. WELL WILL BE PLUGGED BACK AND THE #1H HORIZONTAL WILL BE DRILLED AS NOTED ON THE LOATION PLAT.Per operator email request: No conductor casing will be set.Additional operator contact information is bheard@sierra-engineering.net

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: 8/30/2012 Email: bill.heard@CHAMAOIL.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: 10/6/2012

<b>API NUMBER</b> 05 017 07729 00	Permit Number: _____	Expiration Date: 10/5/2014
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**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) If production casing is set provide cement coverage from TD to at least 200' above the shallowest completed. Cement across Cheyenne/Dakota aquifers (minimum 1650' – 1200'). Verify with CBL.  
 3) Set the following plugs: 40 sks cement +/- 50' above the Morrow, 40 sks cement +/- 50' above the Topeka, 40 sks cement +/- 50' above any DST w/ show.

**Attachment Check List**

Att Doc Num	Name
2172032	SURFACE CASING CHECK
2288934	FORM 2 SUBMITTED

Total Attach: 2 Files

**General Comments**

<b><u>User Group</u></b>	<b><u>Comment</u></b>	<b><u>Comment Date</u></b>
Permit	State Land board says operator is bonded. Well is State minerals and State surface; removed COGCC surface bond from application. Discussion related to surface bonding resolved.	10/1/2012 6:39:33 AM
Permit	On hold- pending discussion about surface bond.	9/28/2012 1:59:23 PM
Permit	Final review completed; no LGD or public comment received.	9/28/2012 12:33:24 PM
Permit	This is the pilot permit for a pilot/lateral drilling plan.	9/28/2012 12:26:41 PM
Production	The operator does have an individual bond tie to this well.	9/28/2012 12:24:04 PM
Permit	Operator revised list of objectives to not include the Morrow	9/28/2012 12:21:29 PM
Permit	State land Board says operator is bonded.	9/7/2012 7:56:55 AM
Permit	The Morrow is spaced and would require a larger setback from lease boundary.	9/7/2012 7:55:30 AM
Permit	Operator email request to make corrections/amend information: Nikki, Thank you for your time this morning. As we discussed please make the following corresponding changes: •Plugging bond surety number for Form 2's should be 2012-0073 •Surface bond surety on Form 2A was correct – 2012-0077; however I noticed on Form 2 it is incorrect (shows 2002-0077). Would you please change to 2012-0077? •Casing information: Kern State 36-16-46 #1P and #1H: no conductor will be set, surface casing is 9-5/8" 36#/ft at 500', intermediate casing is 7" 26#/ft at 5,500', production casing is 4-1/2" 13.5# at 9,100'. •Email: use bill.heard@chamaoil.com OR bheard@sierra-engineering.net If you need more information or any other changes need to be made, just let me know. Thanks again for your time. Bill Heard Chama Oil & Minerals	9/6/2012 1:42:49 PM
Permit	Return to Draft (contacted operator): 1. Plugging bond number written on Form 2 does not match database. 2. No first string casing or conductor pipe (no comment regarding conductor pipe use) information. 3. Email provided does not work.	9/6/2012 9:16:18 AM

Total: 10 comment(s)

**BMP**

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

Total: 0 comment(s)