

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:

400327448

Date Received:

09/17/2012

PluggingBond SuretyID

20110169

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: SOVEREIGN OPERATING COMPANY LLC

4. COGCC Operator Number: 10383

5. Address: 621 17TH STREET #950

City: DENVER State: CO Zip: 80293

6. Contact Name: STEPHANIE CLASEN Phone: (303)297-0347 Fax: (303)297-9075

Email: SOVEREIGNENERGY@AOL.COM

7. Well Name: MEMORIAL Well Number: 12-3

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

9. Proposed Total Measured Depth: 8775

WELL LOCATION INFORMATION

10. QtrQtr: SENE Sec: 4 Twp: 1S Rng: 68W Meridian: 6

Latitude: 39.995390 Longitude: -104.999230

Footage at Surface: 1789 feet FNL 555 feet FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 5211 13. County: BROOMFIELD

14. GPS Data:

Date of Measurement: 03/21/2012 PDOP Reading: 1.2 Instrument Operator's Name: MARC WOODARD

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: 1728 FNL 666 FWL Bottom Hole: 1728 FNL 666 FWL
Sec: 3 Twp: 1S Rng: 68W Sec: 3 Twp: 1S Rng: 68W

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: 555 ft

18. Distance to nearest property line: 555 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1222 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.)
J SAND	JSND	467-8	160	NW/4
NIOBRARA-CODELL	NB-CD	467-8	160	NW/4

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):

SECTION 3, T1S, R68W: NW & NE, PARTIAL, AS DESCRIBED IN TWO SPECIAL WARRANTY DEEDS RECORDED AT REC. #796809 & 796794 & QUIT CLAIM DEEDS RECORDED AT REC. #796810 & 796795; A 30.0 FOOT STRIP OF LAND ALONG THE WEST SIDE OF THE SW, AS DESCRIBED IN WARRANTY DEEDS IN BOOK 2853 AT PAGE 951 & IN BOOK 2975 AT PAGE 588.

25. Distance to Nearest Mineral Lease Line: 666 ft 26. Total Acres in Lease: 224

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	8+5/8	24	0	1,100	550	1,100	0
1ST	7+7/8	4+1/2	11.6	0	8,775	525	8,775	7,550

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

33. Comments CONDUCTOR CASING IS NOT APPLICABLE

34. Location ID: 321527

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: STEPHANIE CLASEN

Title: OFFICE MANAGER Date: 9/17/2012 Email: SOVEREIGNENERGY@AOL.C

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: 10/12/2012

API NUMBER

05 014 20741 00

Permit Number: _____ Expiration Date: 10/11/2014

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) Submit Form 42 electronically to COGCC 48 hours prior to MIRU. 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Operator must meet water well testing requirements per Rule 318A.

Attachment Check List

Att Doc Num	Name
400327448	FORM 2 SUBMITTED
400327480	WELL LOCATION PLAT
400327481	30 DAY NOTICE LETTER
400327482	DEVIATED DRILLING PLAN
400327484	SURFACE AGRMT/SURETY
400327486	DIRECTIONAL DATA

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.	10/9/2012 11:38:11 AM
Permit	ok to pass.	9/20/2012 9:34:59 AM

Total: 2 comment(s)

BMP

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

Total: 0 comment(s)