

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:

400327563

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: 31-3

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

9. Proposed Total Measured Depth: 8880

WELL LOCATION INFORMATION

10. QtrQtr: SWNE Sec: 3 Twp: 1S Rng: 68W Meridian: 6

Latitude: 39.994310 Longitude: -104.987680

Footage at Surface: 2185 feet FNL/FSL 2648 feet FEL/FWL
 FNL FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 5193 13. County: BROOMFIELD

14. GPS Data:

Date of Measurement: 03/30/2012 PDOP Reading: 2.6 Instrument Operator's Name: MARC WOODARD

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
 557 FNL 2007 FEL 557 FNL 2007 FEL
 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: 650 ft

18. Distance to nearest property line: 20 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1757 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	NE/4
NIOBRARA-CODELL	NB-CD	467-8	80	W/2NE/4

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian23. 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 ☐ No23b. 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: 557 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	8,880	525	8,880	7,675

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

33. Comments CONDUCTOR CASING IS NOT APPLICABLE

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: 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: _____

Director of COGCC

Date: 10/12/2012

API NUMBER

05 014 20745 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
1695228	EXCEPTION LOC REQUEST
400327563	FORM 2 SUBMITTED
400327593	30 DAY NOTICE LETTER
400327594	WELL LOCATION PLAT
400327595	DEVIATED DRILLING PLAN
400327596	DIRECTIONAL DATA
400327597	SURFACE AGRMT/SURETY

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	10/10/2012 11:26:57 AM
Permit	EXCEPTION LOC REQUEST letter received and attached. ok to pass.	9/28/2012 2:55:35 PM
Permit	changed distance to nearest property line from 16' to 20' per construction layout drawing. ON HOLD: Requested Exception location letter.	9/28/2012 11:46:33 AM
Permit	Property line is 20 feet from reference location. Property line runs thru middle of pad. The owner is the same for both properties and any exception or location waivers are give by the Surface Use Agreement. (see paragraph 1.7) on the attached SUA. ok to pass.	9/20/2012 9:58:34 AM
LGD	This site lies within the Jurisdictional Limits of the City and County of Broomfield. This site needs to be referred to them if it has not alrerady been done.	9/18/2012 7:00:54 AM

Total: 5 comment(s)

BMP

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

Total: 0 comment(s)