

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:

2288418

Date Received:

04/30/2012

PluggingBond SuretyID

19960010

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: MATRIX ENERGY LLC

4. COGCC Operator Number: 54380

5. Address: 1241 THOROUGHbred ROAD

City: DURANGO State: CO Zip: 81303

6. Contact Name: DAVID M. BLANDFORD Phone: (970)247-1959 Fax: (970)247-2359

Email: ANDELEENERGY@GMAIL.COM

7. Well Name: ARELLANO Well Number: 43-10-12

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

9. Proposed Total Measured Depth: 7171

WELL LOCATION INFORMATION

10. QtrQtr: NESE Sec: 10 Twp: 5N Rng: 65W Meridian: 6

Latitude: 40.411520 Longitude: -104.642400

Footage at Surface: 1800 feet FNL/FSL 658 feet FEL/FWL FEL

11. Field Name: WATTENBERG Field Number: 90750

12. Ground Elevation: 4616 13. County: WELD

14. GPS Data:

Date of Measurement: 02/15/2011 PDOP Reading: 2.2 Instrument Operator's Name: C. VANMATRE

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

Footage at Top of Prod Zone: FNL/FSL 2543 FSL 1280 FEL 2543 FSL 1280 FEL 2543 FSL 1280 FEL 2543
Sec: 10 Twp: 5N Rng: 65W Sec: 10 Twp: 5N Rng: 65W

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: 350 ft

18. Distance to nearest property line: 156 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 840 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.)
NIOBRARA/CODELL	NB-CD		160	GWA

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):

N/2 SE/4 Sec 10-T5N-R65W 6TH PM

25. Distance to Nearest Mineral Lease Line: 100 ft

26. Total Acres in Lease: 80

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	400	200	400	0
1ST	7+7/8	4+1/2	11.6	0	7,171	500	7,171	0

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

33. Comments Conductor casing will not be used. Unit Configuration: S/2NE/4, N/2SE/4

34. Location ID: 332488

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: DAVID M. BLANDFORD

Title: CO-MANAGER Date: 4/27/2012 Email: ANDELEENERGY@GMAIL.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: 11/7/2012

API NUMBER

05 123 36265 00

Permit Number: _____ Expiration Date: 11/6/2014

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 notice of MIRU via an electronic Form 42.
- 2) Comply with Rule 317.i and provide cement coverage from the end of the production casing to a minimum of 200' above the Niobrara. Verify coverage with a cement bond log.
- 3) Comply with Rule 321. Run and submit Directional Survey from the TD to surface. 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 as per amended Rule 318Ae(4)

Attachment Check List

Att Doc Num	Name
1699126	PROPOSED SPACING UNIT
2113763	SURFACE AGRMT/SURETY
2113795	WAIVERS
2288418	FORM 2 SUBMITTED
2288419	WELL LOCATION PLAT
2288420	TOPO MAP
2288421	30 DAY NOTICE LETTER
2288422	DEVIATED DRILLING PLAN
2288423	EXCEPTION LOC REQUEST
2481644	SURFACE CASING CHECK
400282850	DIRECTIONAL DATA

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected description of lease, acreage, and lease line distance as per opr. Final review complete.	11/6/2012 2:42:48 PM
Permit	Operator requests approval of a Rule 318Ac exception location: Wellhead is to be located more than 50' from an existing well location. Request and waiver attached. Operator requests approval of a Rule 603.a.(2) exception location: Wellhead is to be located less than 150' from a property line. Request letter and waivers attached. Corrected objective formation from 80 acres to 160 as per proposed spacing unit and notified opr.	10/3/2012 10:03:55 AM
Permit	OPR responded by e-mail that they are sending out the notice to the "royalty owners" and will send copies. I also requested the proposed spacing unit map.	9/25/2012 8:03:32 AM
Permit	Requested that opr withdraw this permit.	9/24/2012 4:19:55 PM
Permit	Opr notified of intent to withdraw forms if required documents have not been received by 9/21/12.	9/7/2012 1:57:15 PM
Permit	Requested status of proposed spacing unit & certification letter from opr.	8/15/2012 11:44:21 AM
Permit	E-mailed opr for status on acquiring proposed wellbore spacing unit and certification letter.	7/25/2012 3:18:57 PM
Permit	Attached waiver for property line at 156'. Requested wellbore spacing unit and cert letter.	7/12/2012 9:53:25 AM
Permit	Check on twinning with Nelson 43-10 API 123-22368, and waiver from property owner 156' away.	6/12/2012 11:30:52 AM
Permit	Chekcking with opr regarding rig size (156' to property line) and location may be high density. On hold.	5/15/2012 1:21:44 PM
Permit	Per operators email the following was corrected zone type, plugging bond, surface and minerals information, conductor statement, location number, BHL, and directional template. This form has passed completeness.	5/9/2012 10:08:15 AM
Permit	Single of multiple zone? Missing plugging bond. Invalid surface and minerals information. Conductor casing? Location number? Plat does not match BHL. Emailed operator 5/3/12.	5/3/2012 10:27:03 AM

Total: 12 comment(s)

BMP

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

Total: 0 comment(s)