

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:

400334048

Date Received:

10/15/2012

PluggingBond SuretyID

20100083

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: AXIA ENERGY LLC

4. COGCC Operator Number: 10335

5. Address: 1430 LARIMER STREET #400

City: DENVER State: CO Zip: 80202

6. Contact Name: Lisa Smith Phone: (303)857-9999 Fax: (303)450-9200

Email: LSPermitco@aol.com

7. Well Name: Kimball Creek Well Number: 23-214MD-995

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

9. Proposed Total Measured Depth: 8841

WELL LOCATION INFORMATION

10. QtrQtr: SW SE Sec: 23 Twp: 9S Rng: 95W Meridian: 6

Latitude: 39.257131 Longitude: -107.959103

Footage at Surface: 754 feet FNL/FSL 2154 feet FEL/FWL FEL

11. Field Name: Buzzard Field Number: 9495

12. Ground Elevation: 6368 13. County: MESA

14. GPS Data:

Date of Measurement: 08/23/2010 PDOP Reading: 2.0 Instrument Operator's Name: Ivan Martin

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

Footage at Top of Prod Zone: FNL/FSL 877 FSL 1980 FWL 877 FSL 1980 FWL
Bottom Hole: FNL/FSL 877 FSL 1980 FWL
Sec: 23 Twp: 9S Rng: 95W Sec: 23 Twp: 9S Rng: 95W

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: 236 ft

18. Distance to nearest property line: 446 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1723 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.)
Iles	ILES	371-8	160	SW/4
Mancos	MNCS			
Williams Fork	WMFK	371-8	160	SW/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#: 20100084

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):

T9S-R95W: Sec. 23: S2SW4, NE4SW4 Sec. 26: N2NW4

25. Distance to Nearest Mineral Lease Line: 446 ft

26. Total Acres in Lease: 194

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: Evaporation and Burial

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
CONDUCTOR	24+0/0	16+0/0	65	0	60	100	60	0
SURF	12+1/4	9+5/8	36	0	1,270	503	1,270	0
1ST	8+3/4	7+0/0	23	0	6,216	520	6,216	2,576
2ND	6+1/4	4+1/2	11.6	0	8,841	398	8,841	5,216

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

33. Comments This is a renewal APD, and no changes have been made from the previously approved permit. Location is built, No refile 2A required.

34. Location ID: 420164

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: Lisa Smith

Title: Authorized Agent Date: 10/15/2012 Email: LSPermitco@aol.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: 11/7/2012

API NUMBER

05 077 10116 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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) THE MOISTURE CONTENT OF ANY DRILL CUTTINGS IN A CUTTINGS PIT, TRENCH, OR PILE SHALL BE AS LOW AS PRACTICABLE TO PREVENT ACCUMULATION OF LIQUIDS GREATER THAN DE-MINIMIS AMOUNTS. AT THE TIME OF CLOSURE, THE DRILL CUTTINGS MUST ALSO MEET THE APPLICABLE STANDARDS OF TABLE 910-1.

(3) NO PORTION OF ANY PIT THAT WILL BE USED TO HOLD LIQUIDS SHALL BE CONSTRUCTED ON FILL MATERIAL, UNLESS THE PIT AND FILL SLOPE ARE DESIGNED AND CERTIFIED BY A PROFESSIONAL ENGINEER, SUBJECT TO REVIEW AND APPROVAL BY THE DIRECTOR PRIOR TO CONSTRUCTION OF THE PIT. THE CONSTRUCTION AND LINING OF THE PIT SHALL BE SUPERVISED BY A PROFESSIONAL ENGINEER OR THEIR AGENT. THE ENTIRE BASE OF THE PIT MUST BE IN CUT.

Attachment Check List

Att Doc Num	Name
400334048	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed.	11/7/2012 7:17:31 AM
Permit	Built loc. w/ 2 producing wells. Passed inspection 3/15/2012.	11/2/2012 8:36:41 AM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 190 FEET DEEP. However, there is evidence of fresh water (*) within 1-mile at an equivalent depth of 1218'. To ensure that the surface casing is 50-feet below this zone, it should be a minimum of 1270' deep. *induction log for 077-08568, Aitken 26-4.	10/30/2012 10:25:58 AM
Permit	Plugging bond id completed. Operator changed 36 to "no"	10/17/2012 3:24:04 PM
Permit	Rerturn to draft: 1. Plugging bond surety ID no. is incomplete. 2. Question no. 36 conflicts with operator comments.	10/15/2012 3:30:53 PM

Total: 5 comment(s)

BMP

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

Total: 0 comment(s)