

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:

400333710

Date Received:

10/15/2012

PluggingBond SuretyID

20110179

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: GUNNISON ENERGY CORPORATION

4. COGCC Operator Number: 100122

5. Address: 1801 BROADWAY #1200

City: DENVER State: CO Zip: 80202

6. Contact Name: Mike Cleary Phone: (303)296-4222 Fax: (303)296-4555

Email: mike.cleary@oxbow.com

7. Well Name: SPU Cockroft 1294 Well Number: 23-41D H1R

8. Unit Name (if appl): Spaulding Peak Unit Number: COC74442X

9. Proposed Total Measured Depth: 12630

WELL LOCATION INFORMATION

10. QtrQtr: TR 45 Sec: 23 Twp: 12S Rng: 94W Meridian: 6

Latitude: 38.999319 Longitude: -107.858864

Footage at Surface: 1184 feet FNL/FSL FNL 1275 feet FEL/FWL FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 8539 13. County: DELTA

14. GPS Data:

Date of Measurement: 10/12/2012 PDOP Reading: 1.7 Instrument Operator's Name: Robert Kay - UELS

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

Footage at Top of Prod Zone: FNL/FSL 1563 FNL 495 FEL 495 FEL/FWL 832 FSL 2109 FEL 2109
Bottom Hole: FNL/FSL 832 FSL 2109 FEL/FWL 2109 FEL 2109
Sec: 23 Twp: 12S Rng: 94W Sec: 24 Twp: 12S Rng: 94W

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: 462 ft

18. Distance to nearest property line: 470 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1196 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.)
Mancos	MNCS			

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):

Please see attached lease description and attached lease map.

25. Distance to Nearest Mineral Lease Line: 0 ft 26. Total Acres in Lease: 509

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: pit

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	20	16		0	120		120	0
SURF	12+1/4	9+5/8	40	0	2,200	675	2,200	0
2ND	8+3/4	7	26	0	8,050	755	8,050	1,550
1ST LINER	6+1/8	4+1/2	11.6	7550	12,630	390	12,630	7,800

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

33. Comments Gunnison Energy Corporation attempted to drill the SPU Cockroft 1294 #23-41D H1 (API 05-029-06109-03). The Mancos formation in the curve-building portion of the wellbore became unstable due to being open for an extended period of time, thus preventing further drilling activities. GEC received verbal approval from Mr. Jay Krabacher on October 3, 2012, to Temporarily Abandon the wellbore, to skid the rig 15', and to redrill the horizontal well. We are also submitting an amended 2A, changing the pad to a multi-well pad.

34. Location ID: 417353

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: Patty Johnson

Title: Drlg and Operations Tech Date: 10/15/2012 Email: patty.johnson@oxbow.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: 11/30/2012

API NUMBER

05 029 06112 00

Permit Number: _____ Expiration Date: 11/29/2014

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) PROVIDE CEMENT COVERAGE FROM THE INTERMEDIATE CASING SHOE TO A MINIMUM OF 200' ABOVE THE MANCOS. VERIFY CEMENT WITH A CEMENT BOND LOG (CBL).
•IF THE PRODUCTION LINER IS CEMENTED, VERIFY CEMENT WITH A CBL.

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400333710	FORM 2 SUBMITTED
400334939	WELL LOCATION PLAT
400336420	DIRECTIONAL DATA
400338864	DEVIATED DRILLING PLAN
400339556	LEGAL/LEASE DESCRIPTION
400339558	LEASE MAP
400339571	WELL LOCATION PLAT
400339577	WELL LOCATION PLAT

Total Attach: 8 Files

General Comments

User Group	Comment	Comment Date
Permit	Corrected dist. to min. lease to 0'. This is a horizontal wellbore that crosses multiple leases. Distance to unit boundary is 2095'. No public comments; LGD approved with comments. Final Review--passed.	11/19/2012 3:24:53 PM
LGD	Delta County LGD comments;Doc 400333710 This well is a fifteen foot offset re-drill of a permitted ongoing sidetrack of an existing 8000+ foot vertical well # 23-41DH1. That intended horizontal well sidetrack encountered insurmountable hole conditions at depth and was temporarily abandoned. Due to these circumstances the Operator applied for a loss hole replacement well allowing for a timely skid of the rig (in this case the rig was to be replaced due to mechanical issues) and received verbal COGCC approval after the submission of an application for an immediate re-drill of the failed sidetrack. Delta County earlier (2010 and 2012) commented on the applications for both the original vertical and the current failed sidetrack wells. Delta County would ask the COGCC to refer to those earlier comments and assure the same requirements are met or continued when drilling this offset. Most conditions and comments were general about the location, water issues, or tied to the design and plans for those specific wells, but in principle can be applied directly to this offset re-drill. The drilling, casing, and cementing plans for this re-drill are changed to accommodate the design of a horizontal hole from top to bottom and as such should provide a more efficient and sound well. In addition the re-drill design includes precautions and methods to overcome and control the issues encountered below 7,000 feet in the lost sidetracked hole. It is stressed the surface casing (proposed to set at 2,200 feet) be properly set with verifiable cementing to the surface as required for the surface casing in the lost hole. All other drilling procedures and/or casing requirements included in the lost hole permits should be applied. Bruce C. Bertram, Delta County LGD 10/31/12	11/1/2012 10:32:56 AM
Engineer	THE EXISTING 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 93 FEET DEEP.	10/31/2012 10:03:54 AM
Permit	Req'd clarification of fee lease description. Corrected #36 to "YES". Corrected qtr/qtr to TRT 45.	10/26/2012 7:03:13 AM
Permit	Operator attached well location plat for BHL and deviated drilling plan. Deviated drilling plan BHL and PZ values are slightly off from values submitted.	10/25/2012 11:47:16 PM
Permit	Return to draft: 1. Well location plat for the BHL will not open. 2. Deviated drilling plan is not attached.	10/20/2012 11:23:39 AM
Permit	Return to draft: 1. deviated drilling plan is not attached, 2. well location plat does not provide BHL diagram and information,	10/16/2012 11:27:53 AM

Total: 7 comment(s)

BMP

Type	Comment

Total: 0 comment(s)