

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:

2544367

Date Received:

11/19/2012

PluggingBond SuretyID

20110179

APPLICATION FOR PERMIT TO:

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER Unplanned sidetrack
SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐Refiling ☐Sidetrack ☒3. Name of Operator: GUNNISON ENERGY CORPORATION4. COGCC Operator Number: 1001225. Address: 1801 BROADWAY #1200City: DENVER State: CO Zip: 802026. Contact Name: LEE FYOCK Phone: (303)296-4222 Fax: (303)296-4555Email: LEE.FYOCK@OXBOW.COM7. Well Name: SPU COCKROFT 1294 Well Number: 23-41D H1R8. Unit Name (if appl): SPAULDING PEAK Unit Number: COC74442X9. Proposed Total Measured Depth: 12419

WELL LOCATION INFORMATION

10. QtrQtr: TR 45 Sec: 23 Twp: 12S Rng: 94W Meridian: 6Latitude: 38.999319 Longitude: -107.858864Footage at Surface: 1184 feet FNL/FSL FNL 1275 feet FEL/FWL FEL11. Field Name: WILDCAT Field Number: 9999912. 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-uels15. If well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**Footage at Top of Prod Zone: FNL/FSL 1563 FNL 495 FEL 823 FSL 2114 FEL 823
Sec: 23 Twp: 12s Rng: 94w Sec: 24 Twp: 12S Rng: 94W16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 462 ft18. 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 ☐ 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):

PLEASE SEE ATTACHED.

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 |
| 1ST | 8+3/4 | 7 | 26 | 0 | 8,050 | 755 | 8,050 | 1,550 |
| 1ST LINER | 6+1/8 | 4+1/2 | 11.6 | 0 | 12,419 | 390 | 12,419 | 7,800 |

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

33. Comments SUNDRY REQUESTING SIDETRACK ALSO SUBMITTED THIS DATE. VERBAL APPROVAL FOR PLUG BACK AND SIDETRACK GIVEN BY MR. KEVIN KING ON NOVEMBER 13, 2012. APD FOR REDRILL SUBMITTED OCT. 25, 2012; STILL PENDING (DOCUMENT NO. 400333710).

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: DRILLING & OPERATIONS TEC Date: 11/16/2012 Email: PATTY.JOHNSON@OXBOW.

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: 12/16/2012

API NUMBER

05 029 06112 01

Permit Number: _____ Expiration Date: 12/15/2014

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 |
|-------------|-------------------------|
| 1533859 | LEGAL/LEASE DESCRIPTION |
| 1533860 | LEASE MAP |
| 1533861 | DEVIATED DRILLING PLAN |
| 1533862 | CORRESPONDENCE |
| 2544367 | FORM 2 SUBMITTED |
| 400354615 | DIRECTIONAL DATA |

Total Attach: 6 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|--|----------------------------|
| Permit | Related sundry #2131687 approved 12/11/2012. Final Review--passed. | 12/14/2012 2:42:19 PM |
| 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. | 12/11/2012 2:45:39 PM |
| Permit | Unplanned sidetrack. Attached lease map, lease description, and PDF of DS emailed by oper. Uploaded dir. template. Corrected plugging bond, operator contact email, dist. to lease line, added related sundry. | 12/4/2012 9:38:03 AM |
| Permit | Return to draft: 1. plugging bond # is incomplete; 2. line #15 is n/a (if n/a no data should be entered);3. line #24 is incomplete; 4. contact information provided (LEE.FYOCK@OWBOW.COM) is undeliverable; need updated contact information. | 12/3/2012 4:19:43 PM |

Total: 4 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)