

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:

400358388

Date Received:

12/14/2012

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

PluggingBond SuretyID

20110179

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: LEE FYOCK Phone: (303)296-4222 Fax: (303)296-4555

Email: lee.fyock@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: 12419

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 1275 feet FEL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 8539 13. County: DELTA

14. GPS Data:

Date of Measurement: 10/15/2012 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: 1563 FNL 495 FEL Bottom Hole: 823 FSL 2114 FEL
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 19. Distance to nearest well permitted/completed in the same formation(BHL): 1196

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 attachments. This is a horizontal wellbore crossing multiple lease lines.

25. Distance to Nearest Mineral Lease Line: 0 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: _____

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	7,771	682	7,771	3,312
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 Verbal approval for Sidetrack 2 was provided by Mr. Jay Krabacher via email dated December 10, 2012. A sundry was submitted on December 7 (Document # 02121811), describing why a 2nd sidetrack was required. A motor was left in the hole at about 8574' and was plugged with 90 sxs 17.1 ppg cem. The hole was estimated sidetracked at 7780-7820'. See attached Wellbore diagram. Going forward with ST2, we anticipate no change in the final BHL as was originally submitted.

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: 12/14/2012 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: 12/19/2012

API NUMBER

05 029 06112 02

Permit Number: _____ Expiration Date: 12/18/2014

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 Mancos. Verify cement with a cement bond log.

•If the production liner is cemented, verify cement with a cement bond log.

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400358388	FORM 2 SUBMITTED
400358526	LEGAL/LEASE DESCRIPTION
400358528	LEASE MAP
400358572	WELLBORE DIAGRAM

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Distance to nearest unit boundary is 2095'. Final Review--passed.	12/19/2012 6:54:08 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 93 FEET DEEP.	12/18/2012 3:57:10 PM
Permit	Unplanned sidetrack for -02 wellbore. Passed completeness. Waived LGD and public comment periods. Corrected well name & #. Added related sundry, #2121811, approved 12/10/12. Verbal approval to sidetrack in well file as doc #2121812.	12/14/2012 2:39:27 PM

Total: 3 comment(s)

BMP

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

Total: 0 comment(s)