

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:

2288990

Date Received:

09/06/2012

PluggingBond SuretyID

20120073

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER LATERAL
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

3. Name of Operator: CHAMA OIL & MINERALS LLC

4. COGCC Operator Number: 10431

5. Address: PO BOX 50203

City: MIDLAND State: TX Zip: 79710

6. Contact Name: WILLIAM HEARD Phone: (432)683-8000 Fax: (432)683-8250

Email: BILL.HEARD@CHAMAOIL.COM

7. Well Name: PRONGHORN STATE 16-15-48 Well Number: 1H

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

9. Proposed Total Measured Depth: 9300

WELL LOCATION INFORMATION

10. QtrQtr: SESE Sec: 16 Twp: 15S Rng: 48W Meridian: 6

Latitude: 38.736870 Longitude: -102.778480

Footage at Surface: 600 feet FSL 660 feet FEL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4265 13. County: CHEYENNE

14. GPS Data:

Date of Measurement: 08/08/2012 PDOP Reading: 2.2 Instrument Operator's Name: R GABRIEL

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

Footage at Top of Prod Zone: FNL/FSL _____ FEL/FWL _____ Bottom Hole: FNL/FSL _____ FEL/FWL _____
913 FSL 660 FEL 600 FNL 660 FEL
Sec: 16 Twp: 15S Rng: 48W Sec: 16 Twp: 15S Rng: 48W

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: 600 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1700 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.)
MORROW LIME (KEYES)	MR-KY			
SPERGEN	SPGN			
ST. LOUIS	STLS			

21. Mineral Ownership: Fee State Federal Indian Lease #: 1999.12

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):

SECTION 16 (ALL), T-15-S, R-48-W

25. Distance to Nearest Mineral Lease Line: 600 ft 26. Total Acres in Lease: 640

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	9+5/8	36	0	500	250	500	0
1ST	8+3/4	7	26	0	5,750	400	5,750	3,400
2ND	6+1/8	4+1/2	13.5	0	9,300	0		

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

33. Comments THE PRONGHORN 16-15-48 #1P AND #1H ARE BEING DRILLED AT THE SAME LOCATION. THE #1P WILL BE A PILOT HOLE DRILLED TO APPROXIMATE TD OF 6200'. WELL WILL BE PLUGGED BACK THE #1H HORIZONTAL WILL BE DRILLED AS NOTED ON LOCATION PLAT.

34. Location ID: _____

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: WILLIAM HEARD

Title: DRILLING ENGINEER Date: 9/5/2012 Email: BILL.HEARD@CHAMAOIL.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: 1/22/2013

API NUMBER

05 017 07727 01

Permit Number: _____ Expiration Date: 10/5/2014

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 48 hour notice prior to spud via electronic Form 42.
- 2) Provide cement coverage from TD to at least 200' above the shallowest completed interval or 200' above Spergen, whichever is shallower. Cement across Cheyenne/Dakota aquifers (minimum 2050' – 1350'). Verify with CBL.
- 3) If well is a dry hole set the following plugs: 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above any DST w/ show, 40 sks cement at 2050' up, 40 sks cement at 1350' up, 50 sks cement from 50' below surface casing shoe up into surface casing, 10 sks cement in top of surface csg, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Attachment Check List

Att Doc Num	Name
2172030	SURFACE CASING CHECK
2288990	APD APPROVED
2288991	WELL LOCATION PLAT
2288992	TOPO MAP
2288993	30 DAY NOTICE LETTER
2288994	DEVIATED DRILLING PLAN
400334225	FORM 2 SUBMITTED

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Form 2s for pilot and lateral sidetrack originally approved as 2 separate wells. Pilot hole API Number was and remains 017-07727-00. Lateral sidetrack API was incorrectly 017-07730-00. Lateral sidetrack Form 2 will be re-approved to correct API Number to 017-07727-01.	1/22/2013 2:15:16 PM
Permit	Final review completed; no LGD or public comment received.	10/4/2012 10:46:56 AM
Permit	Chama has met all of the SLBs requirements under the lease. Surface bond issue with the COGCC resolved.	10/4/2012 10:45:29 AM
Permit	Notified State Land Board. State Land Board still finalizing agreement. 10/2/2012	10/1/2012 7:12:58 AM
Permit	This is the lateral of a pilot/lateral drilling plan	9/12/2012 6:43:06 AM
Permit	From: Bill Heard [mailto:bheard@sierra-engineering.net] Sent: Tuesday, September 11, 2012 2:08 PM To: Reckles, Nikki Subject: RE: Return to Draft: Document No. 2288995, 228890 and 2288982 Nikki, Please see my responses below in red. You have my permission to make the changes as noted. Thanks for your help. Bill Heard Chama Oil & Minerals From: Reckles, Nikki [mailto:Nikki.Reckles@state.co.us] Sent: Tuesday, September 11, 2012 11:43 AM To: Bill Heard Subject: Return to Draft: Document No. 2288995, 228890 and 2288982 Hi Bill, The above referenced forms were returned to draft for the following reason(s): Document No. 2288990– Pronghorn 1H: 1.Missing plugging bond surety number. 2012-0073	9/11/2012 3:55:55 PM
Permit	Return to Draft: Emailed Bill Heard due to paper submission of Form 2 1. Missing plugging bond surety number.	9/11/2012 10:45:25 AM

Total: 7 comment(s)

BMP

Type

Comment

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

Total: 0 comment(s)