

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:

400418755

Date Received:

05/15/2013

PluggingBond SuretyID

20120073

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER PILOT
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: MCBRYDE STATE 16-17-48 Well Number: 1P

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

9. Proposed Total Measured Depth: 6300

WELL LOCATION INFORMATION

10. QtrQtr: NWNE Sec: 16 Twp: 17S Rng: 48W Meridian: 6

Latitude: 38.583570 Longitude: -102.793104

Footage at Surface: 600 feet FNL 1980 feet FEL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 4231 13. County: KIOWA

14. GPS Data:

Date of Measurement: 04/25/2013 PDOP Reading: 2.0 Instrument Operator's Name: C VANMATRE

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 _____

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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): 10800 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.)
SPERGEN	SPGN			

21. Mineral Ownership: Fee State Federal Indian Lease #: 1667.11

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-17-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: SEE COMMENTS

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	240	500	0
OPEN HOLE	8+3/4			500	6,300			

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

33. Comments NO CONDUCTOR TO BE USED. MCBRYDE STATE 16-17-48 #1-P AND #1-H WILL BE DRILLED FROM THE SAME WELL BORE. 1-P WILL BE A VERTICAL PILOT HOLE DRILLED TO APPROXIMATE TD OF 6300'. WELL WILL BE PLUGGED BACK AND THE 1-H HORIZONTAL WILL BE DRILLED AS NOTED ON THE PLAT. THE HORIZONTAL OPEN HOLE WILL BE TREATED AND TESTED. CLOSED LOOP MUD SYSTEM WILL BE USED. DE-WATERED CUTTINGS WILL BE PLACED IN CUTTINGS PIT. MUD DISPOSAL WILL BE ONSITE BY PLACING IN CUTTINGS PIT AT END OF WELL (HORIZONTAL) AND ALLOWING SOLIDS TO SETTLE. FREE WATER WILL BE REMOVED AND SENT TO COMMERCIAL DISPOSAL, SOLIDS WILL BE STABILIZED. PIT SAMPLES WILL BE TAKEN TO ENSURE COMPLIANCE WITH 910-1 CRITERIA PRIOR TO PIT CLOSURE. CHAMA REQUESTS THAT ALL DATA PERTAINING TO THIS WELL BE KEPT CONFIDENTIAL.

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: PROJECT DRILLING ENGINEER Date: 5/15/2013 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: 6/13/2013

API NUMBER
05 061 06885 00

Permit Number: _____ Expiration Date: 6/12/2015

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) Stage cement Cheyenne/Dakota (1600' to 50' above surface casing shoe) or set 1600' of surface casing. Run and submit CBL to verify cemented intervals.
2. Plugback pilot hole: 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above the Morrow.

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400418755	FORM 2 SUBMITTED
400418827	PLAT
400418828	TOPO MAP
400418831	SURFACE AGRMT/SURETY
400418833	30 DAY NOTICE LETTER

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review completed; no LGD or public comment received.	6/11/2013 2:23:36 PM
Permit	In compliance with the State Land Board.	6/11/2013 2:23:00 PM
Engineer	Revised casing tab per conversation w/ operator (B. Heard). Vertical open hole from base of surface casing to PTMD. Will plug back and kick off horizontal at approx. 4622' per deviated drilling plan.	5/3/2013 4:34:17 PM
Permit	State Land Board bond NOT posted yet. Compliance with State land Board not yet achieved currently.	5/21/2013 8:43:16 AM
Permit	This permit is the pilot of a pilot/lateral drilling plan. This pilot APD should be approved prior to the sidetrack in order to receive the correct wellbore designation.	5/21/2013 8:07:00 AM
Permit	Notified the State Land Board.	5/21/2013 7:48:49 AM
Permit	This form has passed completeness.	5/20/2013 9:54:42 AM
Permit	Returned to draft. Requested operator clarify cuttings disposal comment, relate the form 2A to this 2, operator input "pilot" into line 2, and informed operator that an additional form 2 would be required to drill the lateral wellbore.	5/16/2013 6:22:55 AM

Total: 8 comment(s)

BMP

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