

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:

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Date Received:

05/17/2013

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: MCBRYDE STATE 16-17-48 Well Number: 1-H

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

9. Proposed Total Measured Depth: 9200

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: 1225 FNL 1980 FEL 600 FSL 1980 FEL
Sec: 16 Twp: 17S Rng: 48W Sec: 16 Twp: 17S 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): 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: PLACE IN CUTTINGS 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
SURF	12+1/4	9+5/8	36	0	500	240	500	0
1ST	8+3/4	7	26	0	5500	500	5500	2000
OPEN HOLE	6+1/4		0	5500	9024			

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 (PILOT) AND #1-H (HORIZONTAL) 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 WILL BE DRILLED AS NOTED IN THE PLAN. 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 ON-SITE 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 IN PIT. 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: 5/17/2013

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: 12/4/2013

API NUMBER

05 061 06885 01

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.

Description

- 1) Provide 48 hour notice prior to spud via Form 42.
- 2) If production casing is set provide cement coverage to at least 200' above Marmaton.
- 3) 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.
- 4) If well is a dry hole set plugs at the following depths: 40 sks cement +/- 50' above the Spergen, 40 sks cement +/- 50' above the Morrow, 40 sks cement +/- 50' above the Marmaton, 40 sks cement across any DST w/ show, 40 sks cement at 1600' up, 40 sks cement at 950' up, 50 sks cement from 50' below surface casing shoe up into surface casing, 15 sks cement in top of surface casing, cut 4 ft below GL, weld on plate, 5 sks cement each in rat hole and mouse hole.

Date retrieval failed for the subreport 'IntPolicy_MTO' located at: \\DorDonSterling\cFormReports\policy_mto.rdl. Please

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400420129	DEVIATED DRILLING PLAN
400420131	DIRECTIONAL DATA
400421089	WELL LOCATION PLAT
400433572	FORM 2 SUBMITTED

Total Attach: 4 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	This sidetrack APD was originally approved in June 2013 with the incorrect API Number of 05-061-06886-00. It has been administratively corrected (and re-approved) with the correct API Number of 05-061-06885-01.	12/4/2013 6:58:43 AM
Permit	Final review completed; no LGD or public comment received.	6/11/2013 2:26:48 PM
Permit	In compliance with the State Land Board.	6/11/2013 2:25:41 PM
Engineer	Revised casing tab per conversation w/ operator (B. Heard). Will kick off horizontal at approx. 4622' per deviated drilling plan. Set 7" casing through the curve and test openhole lateral. May set liner in the lateral later.	3/3/2013 4:38:21 PM
Permit	State Land Board bond NOT posted yet. Compliance with State land Board not yet achieved.	5/21/2013 8:58:42 AM
Permit	This permit is the lateral of a pilot/lateral drilling plan and this permit should have a sidetrack designation in the API number.	5/21/2013 8:50:08 AM
Permit	This form has passed completeness.	5/20/2013 3:44:42 PM
Permit	Returned to draft for the following: missing well location plat.	5/20/2013 9:58:06 AM

Total: 8 comment(s)

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>