

FORM
2

Rev
12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



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APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE ZONE COMMINGLE ZONE

Refilling
Sidetrack

Document Number:
2581618
Plugging Bond Surety
20030098

3. Name of Operator: SG INTERESTS I LTD 4. COGCC Operator Number: 77330

5. Address: PO BOX 26
City: MONTROSE State: CO Zip: 81402

6. Contact Name: DIANE MCCALLUM Phone: (970)252-0696 Fax: (970)252-0636
Email: DMCCALLUM@SGINTERESTS.COM

7. Well Name: VOLK Well Number: 12-89-21 #1

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

9. Proposed Total Measured Depth: 7500

WELL LOCATION INFORMATION

10. QtrQtr: SENW Sec: 21 Twp: 12S Rng: 89W Meridian: 6

Latitude: 39.002890 Longitude: -107.341720

Footage at Surface: 1491 FNL/FSL FNL 2438 FEL/FWL FWL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 7343 13. County: GUNNISON

14. GPS Data:

Date of Measurement: 02/19/2010 PDOP Reading: 2.0 Instrument Operator's Name: DAVID NICEWICZ

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
1996 FNL 2431 FWL 19966 FNL 2431 FWL
Sec: 21 Twp: 12S Rng: 89W Sec: 21 Twp: 12S Rng: 89W

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: 1454 ft 19. Distance to nearest well permitted/completed in the same formation: 1661

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.)
CAMEO	CME0			
DAKOTA	DKTA			

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 Bon \$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):
 ATTACHED MINERAL LEASE MAP HIGHLIGHTS LEASE ACREAGE. SEE ALSO ATTACHED ASSIGNMENT OF OIL & GAS LEASE WITH LEGAL DESCRIPTION.

25. Distance to Nearest Mineral Lease Line: 692 ft 26. Total Acres in Lease: 1040

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 27 or 28 are yes, is this location in a sensitive area (Rule 903)? Yes No **If 28, 29, or 30 are "Yes" a pit permit may be required.**

31. Mud disposal: Offsite Onsite
 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	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bottom	Cement Top
CONDUCTOR	24	20	WELDED	80	100	80	0
SURF	16	13+3/8	54.5	400	318	400	0
1ST	12+1/4	9+5/8	40	3,843	660	3,843	1,600
2ND	8+1/2	5+1/2	17	8,043	730	8,043	3,643

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

33. Comments FROM #8: WELL WILL BE DRILLED IN THE PROPOSED DUGOUT CREEK UNIT. FROM #19: APPROXIMATELY 5.6 MILES TO NEAREST CAMEO COAL WELL. APPROXIMATELY 2.3 MILES TO THE NEAREST DAKOTA WELL.

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: DIANE MCCALLUM

Title: ENGINEER Date: 4/5/2010 Email: DMCCALLUM@SGINTEREST

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: David S. Noshin Director of COGCC Date: 8/13/2010

Permit Number: _____ Expiration Date: 8/12/2012

API NUMBER
05 051 06098 00

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) INTERMEDIATE CASING MUST BE CEMENTED INTO SURFACE CASING TO COMPLY WITH RULES 317.G & I. VERIFY BY CBL.
- 3) CEMENT TOP VERIFICATION BY CBL REQUIRED.
- 4) 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 000 FEET DEEP.

Attachment Check List

Att Doc Num	Name	Doc Description
1791696	WELL LOCATION PLAT	LF@2514503 1791696
1791698	DEVIATED DRILLING PLAN	LF@2514507 1791698
1791709	WELL LOCATION PLAT	LF@2522352 1791709
1791710	DEVIATED DRILLING PLAN	LF@2522353 1791710
2581618	APD ORIGINAL	LF@2446001 2581618
2581619	WELL LOCATION PLAT	LF@2446002 2581619
2581620	TOPO MAP	LF@2446067 2581620
2581621	MINERAL LEASE MAP	LF@2446068 2581621
2581622	OIL & GAS LEASE	LF@2446003 2581622

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Received sundry (void it, but transfer all changed data to this form 2), well location plat and directional survey. BY	8/12/2010 5:53:32 AM
Permit	WO operator again with offset concerns 7/26/10 BY WO operator as SG is considering moving the BHL so it will be 600' away for the Fed lease line. BY Emailed Diane McCallum concerning the Dugout Creek Unit and distance from lease line 130'. the Dugout Creek Unit was "automatically terminated effective February 28, 1986. BY 5/24/10	7/28/2010 3:16:43 PM

Total: 2 comment(s)

Error: Subreport could not be shown.