

September 17, 2012

Matt Lepore
COGCC Director
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Mr. Lepore:

Please consider our request for an exception location for the Federal 11-90-9 #3 gas well to be operated by SG Interests I Ltd. (#77330). This well is located in Section 9 T11S R90W, which is within Gunnison County, Colorado. We are requesting this exception location because our well bore does not meet Rule 318.a, which specifies: "All wells drilled for oil or gas to a common source of supply shall have the following setbacks:

318.a. Wells 2,500 feet or greater in depth. A well to be drilled two thousand five hundred (2,500) feet or greater shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing."

The true vertical depth of the planned well is 8,726' (14,676' measured depth). The planned producing portion of the horizontal well bore will cross three federal leases each of which is held by SG Interests (COC008905, COC42314, and COC13483). By crossing the lease lines, the well does not maintain a minimum distance of 600 feet from any of these lease lines. The US Bureau of Land Management is the affected party. SG Interests will obtain approval of a communitization agreement to produce this well. Thank you.

Sincerely,



Catherine Dickert
Environmental and Permitting Manager