

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:

400256142

Date Received:

03/17/2012

APPLICATION FOR PERMIT TO:

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

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER _____
 SINGLE ZONE ☒ MULTIPLE ☐ COMMINGLE ☐

Refiling ☐Sidetrack ☐

PluggingBond SuretyID

3. Name of Operator: SG INTERESTS I LTD4. COGCC Operator Number: 773305. Address: 1485 FLORIDA RD #C202City: DURANGO State: CO Zip: 813016. Contact Name: Catherine Dickert Phone: (970)2096464 Fax: (970)2520636Email: cdickert@sginterests.com7. Well Name: Federal 11-90-9Well Number: #38. Unit Name (if appl): NAUnit Number: NA9. Proposed Total Measured Depth: 14676

WELL LOCATION INFORMATION

10. QtrQtr: SWNW Sec: 9 Twp: 11S Rng: 90W Meridian: 6Latitude: 39.116830Longitude: -107.458250

Footage at Surface: 1764 feet FNL 1027 feet FWL

11. Field Name: WildcatField Number: 9999912. Ground Elevation: 7678.713. County: GUNNISON

14. GPS Data:

Date of Measurement: 10/31/2011 PDOP Reading: 1.5 Instrument Operator's Name: David Nicewicz15. 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
1359 FNL 1635 FWL 209 FNL 1043 FEL
 Sec: 9 Twp: 11s Rng: 90w Sec: 16 Twp: 11S Rng: 90W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No17. Distance to the nearest building, public road, above ground utility or railroad: 5050 ft18. Distance to nearest property line: 1450 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 5000 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.)
Mancos	MNCS			

21. Mineral Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian Lease #: COC1348322. Surface Ownership: ☐ Fee ☐ State ☒ Federal ☐ Indian23. 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 ☐ No23b. 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):

Horizontal wellbore will produce from multiple federal leases. See attached lease map.

25. Distance to Nearest Mineral Lease Line: 0 ft

26. Total Acres in Lease: 6177

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
CONDUCTOR	26	20	106.5	0	80	100	80	0
SURF	16	13+3/8	54.5	0	400	260	400	0
1ST	12+1/8	9+5/8	40	0	5,500	1,280	5,500	0
2ND	8+1/2	7	29	5300	9,074	355	9,074	5,300
1ST LINER	6+1/8	4+1/2	13.5	8100	12,727	235	12,727	8,100

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

33. Comments

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: Catherine Dickert

Title: Env & Permit Manager Date: 3/17/2012 Email: cdickert@sginterests.com

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: 9/20/2012

API NUMBER

05 051 06112 00

Permit Number: _____ Expiration Date: 9/19/2014

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) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

2) 7" (2nd) CASING STRING CEMENT TOP VERIFICATION BY CBL REQUIRED.

3) 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 30 FEET DEEP.

Attachment Check List

Att Doc Num	Name
1533635	DEVIATED DRILLING PLAN
1533636	DEVIATED DRILLING PLAN
1533697	EXCEPTION LOC REQUEST
400256142	FORM 2 SUBMITTED
400256180	WELL LOCATION PLAT
400256181	WELL LOCATION PLAT
400261017	TOPO MAP
400264001	LEASE MAP
400322359	DIRECTIONAL DATA

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Attached exc. loc. req. ltr. since horizontal wellbore crosses 3 BLM leases and is not in fed. unit. COGCC rec'd verbal confirmation from Bob Hartman with the BLM that exc. loc. crossing multiple BLM leases is acceptable; SG to seek communitization agreement with BLM. LGD comments addressed on 2A. Final Review--passed.	9/18/2012 7:11:14 AM
Permit	uploaded 3rd version of dir. template. attached revised PDF of dev. drlg. plan to match new template. confirmed new TD. still need email from BLM waiving exception location	8/30/2012 10:50:31 AM
Permit	uploaded dir. template. values do not agree w/ PDF of dev. drlg. plan. TD is listed at 14351.	8/24/2012 6:52:42 AM
Permit	still on hold--re-req'd dir. template that plots BHL correctly. advised oper. to submit by end of month.	8/23/2012 9:49:01 AM
Permit	still on hold--most recent dir. template emailed by oper. still won't upload.	6/25/2012 8:47:32 AM
Permit	oper. advised that correct dev. drlg. plan will soon be submitted; delete CZ-CR as obj. fm. Changed dist. to nearest well to 5000' and dist. to near. min. lease to 0' (crosses 2 BLM lease lines). Oper. to submit exc. loc. ltr. req. & waiver from BLM.	6/11/2012 1:07:26 PM
Permit	on hold; previously requested info not yet submitted.	6/7/2012 12:48:40 PM
Permit	disagree w/ dist. to nearest prop. line (898' to BLM lease line to south per attached plat). Uploaded dir. data template does not extend proposed wellbore to BHL on form in Sec. 16. MTD is 14351 on data template, 13500 on APD. Dist. to nearest well in Mancos (13200') is correct. Distance to nearest min. lease is 0' since horiz. wellbore crosses BLM lease boundaries. Oper. advised they are working on CA.	4/17/2012 1:57:37 PM

LGD	<p>Please find below comments from Gunnison County LGD, David Baumgarten.</p> <p>1. Request for Colorado Parks and Wildlife (CPW) Consultation.</p> <p>Form 2A indicates that the proposed location is in a "sensitive wildlife habitat area."Gunnison County acknowledges the applicant's proposed "Best Management Practices" (including those that address wildlife habitat), but requests a formal consultation with CPW to discuss wildlife issues – including the suggestion that a broad, area – wide, wildlife evaluation be performed.</p> <p>2. Onsite Inspections.</p> <p>a.Gunnison County requests the COGCC conduct onsite inspection of the site before and during drilling to ensure the pad and structures are built to standards.</p> <p>b.Gunnison County requests that the COGCC authorize Gunnison County to inspect the access road and drill pad before drilling equipment is mobilized onto the site.</p> <p>3. Road Weight Restrictions/Overweight Loads on Roads.</p> <p>Gunnison County suggests that applicant be required to break down loads hauled on or off the well site to a legal load weight to lessen impact on roads.</p> <p>4. Line within 500 feet of Henderson Creek.</p> <p>Gunnison County requests that the COGCC explore with the applicant re-route of the line so it doesn't go within 500 feet of Henderson Creek.</p> <p>Thank you,</p> <p>David Baumgarten</p> <p>Gunnison County Attorney</p> <p>Local Government Designee</p>	<p>4/3/2012 11:11:55 AM</p>
Permit	Operator corrected #15 and field name. This form has passed completeness.	<p>3/23/2012 6:43:11 AM</p>
Permit	Returned to draft. Missing field name and number. Error on #15 or directional plan.	<p>3/19/2012 8:05:52 AM</p>

Total: 11 comment(s)

BMP

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

Total: 0 comment(s)