

FORM
2
Rev
08/13

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:
400756166

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:
01/12/2015

TYPE OF WELL OIL GAS COALBED OTHER _____
ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: Eck 12-90-1 Well Number: 3
Name of Operator: SG INTERESTS I LTD COGCC Operator Number: 77330
Address: 100 WAUGH DR SUITE 400
City: HOUSTON State: TX Zip: 77007
Contact Name: Catherine Dickert Phone: (970)385-0696 Fax: (970)385-0636
Email: cdickert@sginterests.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030098

WELL LOCATION INFORMATION

QtrQtr: Lot 1 Sec: 1 Twp: 12S Rng: 90W Meridian: 6
Latitude: 39.048110 Longitude: -107.390540

Footage at Surface: FNL/FSL FEL/FWL
455 feet FNL 929 feet FEL

Field Name: WEST MUDDY CREEK Field Number: 91970
Ground Elevation: 7544 County: GUNNISON

GPS Data:
Date of Measurement: 09/17/2012 PDOP Reading: 0.2 Instrument Operator's Name: David Nicewicz

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
565 FNL 816 FEL 565 FNL 816 FEL
Sec: 1 Twp: 12S Rng: 90W Sec: 1 Twp: 12S Rng: 90W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
(check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

See Lease Map that was filed with the original permit (doc # 400338044)

Total Acres in Described Lease: 149 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 565 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 5280 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 455 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).

- Enter 5280 for distance greater than 1 mile.

- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.

- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit

- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.

- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 5280 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Bull Mountain U Unit Number: COC67120x

SPACING & FORMATIONS COMMENTS

This well is within the Federal Bull Mountain Unit

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
ROLLINS	RLNS			

DRILLING PROGRAM

Proposed Total Measured Depth: 3660 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 7647 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26+0/0	16+0/0	42	0	80	185	80	0
SURF	12+1/4	9+5/8	40	0	400	220	400	0
1ST	8+1/2	5+1/2	17	0	3660	835	3660	0

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number
- Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments
 There have been no changes since the original filing of the APD with the exceptions of updates to the distances to other gas wells and committment to closed loop system.
 There have been no changes to the location.
 I certify that there have been no changes on land use, lease description.
 The pad has been built.
 No pit will be used.
 There will be no additional surface disturbance (beyond that described in the permitting documents).
 The location does not require a variance from any of the rules listed in Rule 306.d.(1).A.(ii).
 The location is not within a Wildlife Restrcted Surface Occupancy Area.
 The surface owner, Gunnison Hunting Properties, LLC, has shared principals with SG Interests.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 428197

Is this application being submitted with an Oil and Gas Location Assessment application? 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: 1/12/2015 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: 2/4/2015

Expiration Date: 02/03/2017

API NUMBER
05 051 06114 00

Conditions Of Approval

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.

<u>COA Type</u>	<u>Description</u>
	(1) Compliance with the most current revision of the Northwest Colorado Notification Policy is required. See attached notice. (2) Verify cement coverage with a cement bond log of the first casing string.

Best Management Practices

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

Applicable Policies and Notices to Operators

- NW Colorado Notification Policy.
- Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400756166	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final review complete.	2/4/2015 8:01:35 AM

LGD	<p>The LGD of Gunnison County, Colorado submits the following comments regarding the Eck 12-90-1 permit application, Document No. 400756166.</p> <p>On December 14, 2012 the Gunnison County Planning Commission approved Minor Impact Certificate No. 08, Series 2012 approving Oil and Gas Operation Permits For SG Interest I, Ltd., Permit No. OG2012-02. Specific conditions of approval related to the Eck 12-90-1 gas well permit were incorporated into the recorded approval document. The LGD reincorporates those conditions of approval as comments for Document No. 400756166.</p> <p>Those conditions of approval are:</p> <ol style="list-style-type: none"> 1. This permit is limited to the description of the SG Interests I, Ltd. Eck 12-90-1 Gas Well Project. Any substantive change will require either an application for amendment of this permit, or submittal of an application for a new permit, in compliance with applicable requirements of the Temporary Oil and Gas Regulations, or as those may be hereinafter amended. 2. The applicant shall provide copies of any Spill Reports, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department. 3. The applicant shall provide copies of reports to the Colorado Oil and Gas Conservation Commission regarding water quality sampling, associated with the Eck 12-90-1 Gas Well Project, as required by the Colorado Oil and Gas Conservation Commission, to the Community Development Department. 4. The access road shall be maintained in compliance with the Stormwater Management Plan. 5. All disturbed wetland areas shall be adequately fenced to exclude livestock until such time that the reclamation has been established. 6. Gas and water pipeline crossings of wetland areas shall be double lined. 7. All trash shall be placed in bear-proof dumpsters. 8. The applicant shall employ best management practices to ensure that generators and other loud equipment do not impact wildlife. 9. Nothing in this decision is or shall be construed to be a limitation on Gunnison County participating in any future regulatory process for said wells. 10. This permit may be revoked or suspended if Gunnison County determines that any material fact set forth herein or represented by the applicant was false or misleading, or that the applicant failed to disclose facts necessary to make any such fact not misleading. 11. Approval of this use is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County. 12. Approval of this permit is based upon the facts presented and implies no approval of similar use in the same or different location and/or with different impacts on the environment and community. Any such future application shall be reviewed and evaluated, subject to its compliance with current regulations, and its impact to the County. 	2/2/2015 1:11:49 PM
Permit	Corrected the distance to the unit boundary from 1058 to 5280 as per opr. Ready to pass pending public comment 2/3/15.	1/21/2015 9:33:17 AM

Engineer	<p>Offset water well check: There are two permitted water wells within 1 mile of this proposed surface hole location. One is permitted as a water well but is operated by another oil/gas operator for drilling/oil-field fluid uses; and the other is a ground-water (or surface) permitted location ("0 feet deep").</p> <p>Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required.</p>	<p>1/20/2015 10:30:12 AM</p>
Permit	Passed completeness.	<p>1/13/2015 11:35:26 AM</p>

Total: 5 comment(s)