

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:

400653550

## APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

01/26/2015

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER \_\_\_\_\_Refiling ☒ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Falcon Seaboard 11-90-12

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)3850696

Fax: (970)3850636

Email: cdickert@sginterests.com

## RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20030098

## WELL LOCATION INFORMATION

QtrQtr: NESW Sec: 12 Twp: 11S Rng: 90W Meridian: 6

Latitude: 39.112410

Longitude: -107.399380

Footage at Surface: 1847 feet FNL/FSL FSL 1848 feet FEL/FWL FWL

Field Name: RAGGED MOUNTAIN

Field Number: 71430

Ground Elevation: 7530.9

County: GUNNISON

GPS Data:

Date of Measurement: 08/27/2014 PDOP Reading: 1.4 Instrument Operator's Name: M. Denison

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.
 Footage at Top of Prod Zone: FNL/FSL FSL 1195 FWL 660 FNL 32 FWL  
 Sec: 12 Twp: 11s Rng: 90w Sec: 12 Twp: 11S Rng: 90W

## LOCATION SURFACE &amp; MINERALS &amp; RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe 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 attached mineral lease map

Total Acres in Described Lease: 1911 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: 0 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1797 Feet

Building Unit: 1797 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1870 Feet

Above Ground Utility: 1870 Feet

Railroad: 5280 Feet

Property Line: 1350 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: 1186 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 660 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.)
MANCOS	MNCS			

## DRILLING PROGRAM

Proposed Total Measured Depth: 11687 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1186 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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	20	106.5	0	80	137	80	0
SURF	16	13+3/8	54.5	0	555	257	555	0
1ST	12+1/4	9+5/8	40	0	5500	1295	5500	0
2ND	8+1/2	5+1/2	20	0	11687	1300	11687	5200

☐ 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 This well was previously permitted and approved by the COGCC (API 05-051-06045-00). The well pad was built, however, the well was not drilled at that time and the APD has since expired.  
The location is an existing well pad that will be modified to accommodate multiple wells. The 2A is being refiled and will include the additional wells.  
There have been no changes to land use, lease description.  
No pit will be used.  
Additional disturbance will take place to accommodate multiple wells.  
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 Restricted Surface Occupancy Area.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 440803

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

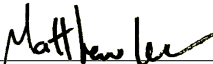
I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: \_\_\_\_\_ Print Name: Catherine Dickert

Title: Enviro & Permit Manager Date: 1/26/2015 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:  Director of COGCC Date: 4/2/2015  
Expiration Date: 04/01/2017

### API NUMBER

05 051 06045 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.

### COA Type

### Description

	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	(1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.  (2) Operator shall provide cement coverage from the intermediate casing shoe (9+5/8" string) to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify intermediate casing cement coverage with a cement bond log.  (3) Proposed surface casing depth (400') is not sufficient to be 50' below the base of an aquifer within one mile. Surface casing shall be increased to 555 feet in order to be 50 feet below the base of that aquifer.

## Best Management Practices

<u>No</u>	<u>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>
400653550	FORM 2 SUBMITTED
400694547	TOPO MAP
400766202	WELL LOCATION PLAT
400766205	DIRECTIONAL DATA
400766206	DEVIATED DRILLING PLAN
400769951	MINERAL LEASE MAP

Total Attach: 6 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
LGD	LGD has No comments	2/18/2015 3:04:54 PM
Permit	Corrected distance to nearest building/building unit as per opr. Added location ID to permit as per opr. Ready to pass.	2/12/2015 10:55:34 AM
Engineer	OPR responded w/change to surface casing depth & cement as per COA #3	2/6/2015 1:23:03 PM
Permit	Corrected typo in distance to unit boundary from 666' to 660' as per opr.	2/3/2015 3:56:55 PM
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 108 feet. The proposed surface casing setting depth is less than 50 feet below the base of the aquifer in which water wells are screened within one mile. See COA #3.  Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required.	1/30/2015 9:48:33 AM
Permit	Passed completeness.	1/29/2015 9:31:25 AM

Total: 6 comment(s)