



SG INTERESTS I, LTD.

Transmittal of Materials

To:	Mr. Steve Bennett Colorado River Valley Field Office Bureau of Land Management 2300 River Frontage Road Silt, CO 81652	Date:	26 October 2012 (via FedEx)
From:	Eric Sanford Lands and Operations Manager SG Interests I, Ltd 1485 Florida Road Suite C202 Durango, CO 81301	Re:	APD Package For Federal 8-89-31 #1 Natural Gas Well

Enclosed please find the following item(s):

Copies	Item
3	Surface Use Plan Of Operations for Federal 8-89-31 #1
3	Operator Certification
3	Drilling Plan for Federal 8-89-31 #1
3	Application For Permit To Drill (Form 3160-3) for Federal 8-89- 31 #1
3	Well Plat Certified by a Registered Surveyor
1	Geospatial Database CD
1	One Check Made Payable To The BLM Check #

Remarks:

Please see enclosed 3 Surface Use Plan Of Operations, 3 Drilling Plan, 3 Application for Permit To Drill (3160-3), 3 Operator Certification with attached maps and drawings. Please do not hesitate to contact me with any questions or requests for information. Thank you.

SG Interests I, Ltd.
1485 Florida Road, Suite C202
Durango, CO 81301
(970) 385-0696

TWELVE POINT SURFACE USE PLAN OF OPERATIONS

Well Name:	Federal 8-89-31 #1	
Lease Number(s):		Location(s):
Surface:	COC66692	Sec. 31, T8S R89W, 6thPM
Bottomhole:	COC66692	Sec. 31, T8S R89W, 6thPM
Pitkin County, CO		

SG Interests I, Ltd. intends to drill the above referenced well, using the following plan of operations for the surface use:

Directions to Location:

From Interstate - 70 exit 116 (Glenwood Springs); then follow along (south) on Grand Avenue (Colorado State Highway NO. 82) \pm 1.6 miles. Turn right (west) on 27th Street \pm 0.30 miles through the roundabout onto Midland Avenue, head south and continue on Midland Avenue \pm 1.3 miles to the intersection of Midland Avenue and County Road 117 (4 Mile Road), continue right onto County Road 117 \pm 8.1 miles to Forest System Road 300, turn right on Forest System Road 300, then turn right along (north-west-south) on Forest System Road 300 \pm 11.9 miles, then turn left (northeasterly) onto existing access road \pm 4.2 miles to proposed Federal 8-89-31 #1 access road, continue to bear left \pm 300' to proposed well pad Federal 8-89-31 #1 (**see figures 1A**).

1. Existing Roads

The existing access roads will be maintained to Forest Service specifications. **Figure 1A** shows the existing access roads and routes to the well in relation to a town, village or other locatable public access point.

Forest System Roads will be maintained as per USDA Forest Service specifications. SG Interests I, Ltd. will obtain a Road Use Permit from the Forest Service and any necessary performance and reclamation bonds as they pertain to roads prior to beginning drilling operations. If any roadwork is required, a work schedule will be submitted to the White River District Ranger before any work is started. The right-of-way width of existing roads will be maintained as they presently exist unless authority to widen is given by the White River District Ranger. Any damage to Forest System Roads, resulting from permittee's use will be repaired immediately. The operator will use water for dust control on Forest System Road 300 & 300.4K. All conditions of the Road Use Permit will be followed by SG Interests I, Ltd.

All roads used in conjunction with this project will be maintained in as good or better condition as they were pre-project. SG will consider Gold Book and BLM Best Management Practices when improving or maintaining existing roads. Operations will cease, excepting emergencies, during periods when mud and silt cannot be contained within the road prism, or when construction specification cannot be achieved because of wet or frozen ground conditions. Vehicles will not be towed through the mud.

The operator will schedule heavy traffic periods, such as moving the rig in or out, to take place during the week if possible and not on weekends or holidays. All construction signage will be in compliance with the Manual of Uniform Traffic Control Devices. The operator will post warning signs on Garfield County Road 117 (4 Mile Road) and National Forest System Road 300 to alert the public of heavy truck traffic.

The operator will use flagmen as necessary during drilling and related equipment moves on and off the drill site when utilizing public roads.

2. New or Reconstructed Access Roads

Figures 1A, 1B, 1C & 1D shows roads to be reconstructed and upgraded.

- A. New Well Access Road: No new roads are being proposed at this time.
- B. Reconstructed Access Road: The proposed development will utilize existing Forest System Roads 300 and 300.4K. A portion of the existing graded Forest System Road 300.4K, which is located off of Forest Service System Road 300, may require improvements that will be determined by the Forest Service official. The existing road that will be used for well pad access will require reconstruction, which will be approximately 200 ft. in length (**see figures 1A, 1B, 1C & 1D**). Total reconstructed roads within the proposed project is limited to approximately 200' long x 30' wide; road gradient will be maintained at grades of 9.88% for the majority of the proposed area. Turnouts will not be necessary along the roadway for this project. In flat areas, 3:1 (horizontal to vertical) cut ditches will provide drainage on both sides of the road. If necessary, energy dissipaters, such as cobble, will be placed within the ditch to retard water velocities. As necessary, water bars or dips will be installed to allow drainage to pass across the road in a controlled fashion. Frequency of bars and dips will be determined using site specific criteria.
- C. The following reconstructive measures will be implemented:
 - 1. All culverts shall have flared end sections or rock inlet and outlet protection.
 - 2. All existing culverts shall be extended, cleaned-out, and repaired if necessary.
 - 3. Catchment basins with rock armored outfalls as appropriate will be constructed at the culvert ends.
 - 4. The culvert diameter will be a minimum of 18" constructed of corrugated metal.
- D. Erosion and Stormwater Control: All construction will require erosion and stormwater control structures. A stormwater permit is to be obtained from the Colorado Department of Public Health and Environment's (CDPHE) Water Quality Control Division. Structures will be designed to minimize run-on and run-off events. Primarily berms, silt fencing, and ditches will be utilized. A detention pond will be installed on the southeast corner of the pad, which will be sized based on field conditions post construction. All roads will have side barrow ditches or a single inside ditch for side hill sections. The well site plat includes the BMP's to be utilized for site specific concerns. The preferred treatment for fill slope, disturbed areas, and runoff control will be promptly seeding and revegetating the slopes and disturbed areas. Seed mixes are per Forest Service direction and are weed free. Cattle guards/fence cuts will be installed as per the Forest Service instruction. Culverts will be placed or upgraded as required by the Forest Service. Culverts will be designed for a minimum 25-year storm frequency with an allowable head that does not overlap the roadway or cause damage. The culvert diameter will be 18" constructed of corrugated metal (**see figures 2A & 2B**).
- E. Topsoil removed from the new well access road area and staging area will be separated and stored with the topsoil that was salvaged from the well pad area. The cut and fill areas resulting from creation of a level driving surface will be reclaimed as quickly as possible by returning topsoil to these areas and seeding them. Where practicable, SG Interests I, Ltd. will scatter woody vegetation over disturbed surfaces during reclamation to serve as mulch and to stabilize the surface.
- F. Dust Mitigation: During the course of work there may be periods of inclement weather which may have an effect on the control of dust on and off the well site. This could be due to long dry spells

or periods of strong winds or both. If the above or similar conditions are encountered and have an effect on air quality, SG Interests I, Ltd. will apply water to disturbed areas as necessary to suppress dust. Application of an approved dust suppressant or watering is required to ensure resource protection and road user safety. The Forest Service responsible official will determine if dust abatement is necessary. The application of Magnesium Chloride (MgCl) or other dust suppressant agents may be required as a more effective material to reduce the amount of dust and to stabilize the surface. Application of MgCl will not occur when rainfall is forecast or within 100 feet of streams.

- G. Following pipeline installation, the operator will be responsible for completely reconstructing Forest Service access roads to Forest Service standards identified in the road design and approved road use plan.
- H. Use of any NFSR shall be restricted to periods when the road surface is not saturated. The operator shall inquire with the Forest Service representative if road conditions are questionable and a determination of the road condition is needed.

3. Locations of Existing Wells

Figure 3 shows the known gas/oil/water injection, disposal, drilling wells within a one-mile radius of the proposed Federal 8-89-31 #1 well site. There is one abandoned well located within a 1-mile radius of the proposed well location. The dry abandoned (Rainbow Resources Inc. API #05-097-06006) well is located to the southeast of the proposed Federal 8-89-31 #1 natural gas well. There are no water wells located within a 1-mile radius of the proposed location.

4. Location of Proposed Facilities

Figure 4 shows the locations of the proposed facilities and lines likely to be installed, located either on or off the well pad, to the extent known or anticipated.

- A. Aboveground facilities on site will include the piping and valves at the well head. There will be an enclosed gas/water separator for each well on the pad that will include gas and water meters, heaters and a fuel gas pot. Dimensions of the separator are approximately 11' ft wide x 20' ft long x 10 ft high. Four 400-BBL tanks will be located on the well pad. These measure approximately 12' wide and 20' high. Tanks have heaters that are used during cold weather conditions. Artificial lift may be needed for the Federal 8-89-31 #1 well on this location during the life of the well. Examples of lift include a 40 hp walking beam or other pumping unit may be used. Beam lifts are approximately 7 ½' wide x 29' long x 20' high and are located approximately four feet away from the well head. A compressor may be needed on a well during its lifetime. Compressor skids are approximately 14' wide x 20' long x 9' high. Compressor horsepower is decided based on specific well conditions. Compressor engines will be permitted as appropriate through the Air Quality Control Division of the Colorado Department of Public Health and Environment. Possible water transfer pump would be a 20 horsepower natural gas motor with piping and meter enclosed in a shed 6' wide by 12' long by 8' high.
- B. Off the well pad. Both a gas line (up to 12" in diameter) and water line (up to 8" in diameter) are planned for the well site and are anticipated to connect to future wells and ultimately to a gathering system. Both lines will be installed side-by-side in a trench, which will likely follow the contour of the access roads. Cathodic protection will be installed to protect metallic structures in various environments of the pipe line and the pipelines.
- C. All permanent structures will be painted to blend in with the surrounding landscape. A flat, non-reflective color specified by the Forest Service will be used. All facilities will be painted within 6 months of installation.

5. Location and Type of Water Supply (subject to change if economic or logistical considerations warrant)

Water to be used during drilling and completion operations will be delivered to the location via water truck by either CASECO LLC. (1010 HWY 141, Whitewater, CO 8157), Screamin Eagle Trucking (32597 Highway 6 Silt, CO 81562) or a similar commercially available source.

Drilling activities for the #1 well will require 3,000 BBL of fresh water. Recycled water will not be used in the drilling operations. Approximately 5,000 BBL of fresh water is needed for each well completion stage per well. This requires 63 round trips with an 80 BBL water truck. SG will use two or three water trucks to haul the water; approximately 21 round trips for each of three trucks. An estimated 80% of this water (4,000 BBL) flows back immediately and must be hauled off the location. Hauling flowback water requires 50 round trips with 80 BBL water trucks. If SG uses three trucks, each truck makes about 17 round trips to haul the water to disposal. The well may be completed in multiple zones or stages, depending on well log information acquired during the drilling of each well. If the well log information from the sandstone formation is favorable, only one completion stage will occur. If the well logs are not favorable for the sandstone formation, the well will be completed in the coal formation and an additional 5,000 BBL of fresh water will be required.

No new roads to access a water source or water wells will be constructed for this project.

6. Construction Materials (subject to change if economic or logistical considerations warrant)

The well pad will be constructed from soils on site. The disturbed area for the pad and staging area during construction will be approximately 1.69 acres. Topsoil will be salvaged and stored adjacent to the well pad. The top eight (8") inches of this soil, if present, will be salvaged for use over the reclaimed areas. The rest of the soil that is manipulated for this project will be considered subsoil and if stored on site, it will be stored separately from topsoil. Some topsoil will be used to reclaim areas around the level pad disturbed during construction, but not needed for long-term operations. The area of the level well pad will be approximately 1.38 acres following interim reclamation. It may be necessary to add gravel to the road, staging area, and well pad to support the expected drilling traffic. This gravel will be according to USDA-Forest Service specifications. The most likely source of gravel will be Western Slope Aggregates (406 County Road 104, Carbondale, CO 81623) or a similar commercially available source. Other sources may be used depending on the requirements and circumstances at the time the gravel is needed.

7. Methods of Handling Waste Materials

- A. Cuttings: Cuttings and pit liners will be disposed of at a permitted disposal facility, or maybe left on-site per COGCC regulations. Pit liners are removed following removal of the dry cuttings. They are disposed of at a solid waste disposal facility. Soil testing under the removed liner area will be conducted prior to backfilling the pit area according to the Colorado Oil & Gas Conservation Commission's 900 series rules.
- B. Garbage: The location and access roads will be kept orderly and as clean as practicable at all times. All garbage and trash will be put in a trash container. The container will be periodically emptied at an approved disposal site. A portable latrine will be provided for human wastes, and wastes will be pumped from portable toilets and hauled to an approved sanitation facility. Sewage will not be buried on location.
- C. Salts: No salts are anticipated on this well location.
- D. Chemicals: Material Safety Data Sheets (MSDS) for all chemicals and hazardous materials that are used during the drilling, completion, and producing operations will be maintained as per 29 CFR 1910.1200(g). Any petroleum product or other spills will be cleaned up immediately and the

material will be hauled to an approved facility. The operator will prevent gasoline, diesel fuel, oil, grease, or any other petroleum products and drilling fluids from migrating off the location or from entering any live stream or riparian area. A spill kit will be available on site during completion and drilling operations. Fuels and lubricants will be transported by fuels distributors and will be stored in facilities specifically designed for that purpose.

- E. Drilling Fluids: Disposed of at a permitted commercial disposal facility.
- F. Oil or Water Recovered: Free water may be hauled to an approved disposal facility to facilitate drying of pits. If fluids must be removed from drilling pits, vacuum trucks will remove these fluids so that the pit liner will not be damaged with heavy equipment. These fluids will likely be trucked and disposed of at a commercial disposal facility.
- G. Reserve pit liner: Pits will be lined with an impervious liner. This liner will have a minimum thickness of twenty-four (24) mils. The liner will cover the bottom and interior sides of the pit with the edges secured with at least a twelve (12) inch deep anchor trench around the pit perimeter. The anchor trench will be designed to secure and prevent slippage or damage to the liner materials. The area under the pit over which the liner is laid will be free of rocks and other objects that could puncture the liner. A minimum of two feet of free board will be maintained between the maximum fluid level and the top of the pits. The pits will be designed to exclude all surface runoff and will be constructed in the cut portion of the well pad. Back slopes will be 2:1 or less. The lined reserve pit or cuttings pit will be fenced on three sides with woven wire during drilling operations and the fourth side fenced immediately after the rig has been moved off location. Fencing will be 6' to 8' in height to prevent deer and elk as well as other wildlife from entering the pit. After the rig has been moved off location, bird netting will be placed over the pit to prevent birds from entering the pit area. The pit will remain fenced until it has dried enough to be backfilled.
- H. Sewage: Portable, self contained chemical toilets will be provided for human waste disposal.

The well site cleanup will be concluded once the well completion operations have been finished.

8. Ancillary Facilities

- A. The SG Interests' Federal 8-89-31 #1 well site may require a staging area for construction materials (e.g. gravel and piping), but we do not anticipate the need to maintain permanent storage on the site in conjunction with drilling operations at this time. A portion of the newly proposed well access road will be extended by 50' wide x 150' long to accommodate the storage of construction materials used during the development of the well pad. The proposed staging area will be situated next to the access road. The staging area will be constructed from soils on-site to create a level surface. The level staging area surface will be graveled with three (3") inches of pit-run, rock or road base (**see figure 5D**).
- B. All areas that are disturbed during the construction of the staging area will be covered under SG Interests' stormwater management plan. SG's plan to control runoff will include silt fencing/straw wattles, outfall protection, clean water, containment ditches and road side ditches.
- C. Once the staging area is no longer needed, it will undergo reclamation. The staging area will be returned to near original contour. Topsoil will be spread over the area and it will be reseeded.
- D. No camps or airstrips are planned at this time.

9. Well Site Layout – Proposed if the Well is Productive

Figures 5A, 5B, 5C, 5D & 5E show the location and orientation of the proposed drill pad, reserve pit location, access road entry points with respect to the topographic features and with cross section diagrams of the drill pad, the reserve pit showing all cuts and fills in relationship to the topography, the drilling rig, all dikes and ditches to be constructed, and the topsoil and/or spoil material stockpiles.

The initial construction area of the well pad is approximately 1.48 acres, which includes the cut/fill area. The shape of the well pad following interim reclamation is shown on the well site layout. Temporary facilities on the typical well pad may include a total of three trailers during drilling operations for the drilling superintendent, the company representative, and the mud logger and mud engineer. If a closed loop system is employed, several cuttings bins will likely be used rather than a cuttings pit. The cuttings bin is a trailer container that holds cuttings aboveground until the trailer is hauled to an approved cuttings disposal area or will be disposed of on-site per COGCC rules and regulations. These temporary facilities will be used 24 hours per day during drilling operations. No trailers will be needed during the completion or testing phases as these are daylight operations.

SG Interests plans to drill one (1) well, and potentially three (3) other wells in the future on the well pad. The estimated lifespan of the gas wells is approximately 30 to 40 years.

SG Interests will utilize the "flare stacked" method for flaring. SG will run a line to the edge of the pad. This line will be directed straight up 15'-20' from the surface of the pad once it reaches the edge of the pad. The flare will reach 5' to 10' from the end of the line. The flaring of gas does not create sparking and is thus not a fire risk to surrounding vegetation so long as the flare is a reasonable distance from combustible vegetation. Flaring into a pit or side cut is not practical on a location of this size. Gas must be flared at a safe distance from the rig and crew. Flaring horizontally into a pit or side cut near the rig creates the risk of gas accumulations near the crew and equipment, increasing the dangers flaring is intended to mitigate.

10. Plan for Reclamation of the Surface

General

Reclamation activities and standards on this well location will be guided by the BLM Gold Book, White River National Forest Plan Standards, and the Forest Service Manual 2840. Effective reclamation begins with wise planning, and strict adherence to construction and disturbance guidelines. It is concluded with measurable immediate, interim and long-term resource protection and reclamation efforts. SG Interests I, Ltd. in consultation with the Forest Service, will prepare a reclamation plan in order to effectively manage the reclamation of Forest System lands disturbed by SG Interests' development activities. SG Interests' reclamation goals are to:

- A. SG assumes responsibility for reclaiming all new roads that are no longer needed for its ongoing operations after the drilling of the final well on the subject pad. Existing roads will be turned over to the appropriate authority in a state of good repair or obliterated per Forest Service direction. SG will protect the resources from unauthorized road use by installing gates where needed. Reclamation of the road/well pad will be performed in accordance with the Forest Service standards and regulations. The new access road constructed for this project will be obliterated when it is no longer needed for this project. Seed mix will be appropriate to the area reclaimed as directed by the Forest Service.
- B.
- C. Interim reclamation will be conducted on areas not required for ongoing production operations in accordance with the Forest Service's Directions.
 - 1. Slopes will be at 3:1 or flatter unless limited by site constraints.
 - 2. Corners and slope changes will be uniformly placed over the area to be reseeded.
 - 3. The topsoil stockpile will be uniformly placed over the area to be reseeded.

4. Reseeding of the site will be conducted using a seed mixture appropriate to the area reclaimed as directed by the surface management agency.
- D. A stormwater management plan will be developed for this well site. Stormwater management practices will be utilized as appropriate and will be identified in the stormwater management plan.
- E. SG is committed to preventing the introduction of noxious weeds during construction and controlling the expansion of existing noxious weed populations over the life of the project. All noxious weeds as defined by Pitkin County, BLM, and the state of Colorado (Colorado Weed Management Act CRS Title 35, Article 5.5 as amended) will be controlled. The purpose of this weed plan is to prescribe methods to treat existing weed infestations, prevent introduction and spread of infestations during construction, and monitor and treat infestations after construction is complete. The following preventative measures will be implemented to prevent the spread of noxious weeds:
1. If soil stockpiles are created in infested areas, these stockpiles will be kept as close as possible to the infested areas. No soil from infested areas will be moved until they are treated. Soil from an infested area will not be used in any other area beside where it was collected.
 2. Vehicles and equipment will be required to arrive at the work site clean, power-washed, and free of soil and vegetative debris capable of transporting weed seeds or other propagules.
 3. Materials used for erosion control and reclamation (i.e. straw bales and seed mixes) will be obtained from sources that are weed free.
 4. Disturbed areas will be reseeded in accordance with the Forest Service and any applicable permit stipulations as soon as possible after construction activities have been completed.
 5. Depending upon the species of weed and the time planned for construction, methods of weed pre-treatment may include:
 1. Mechanical—mowing, pulling by hand or tillage could be used.
 2. Chemical—application of an approved herbicide by a licensed applicator. Herbicides will be selected based on recommendations by local weed control district or BLM/FS. All herbicides will be applied in accordance with all applicable laws and regulations.
 3. Cultural – employing practices such as reseeded with non-invasive species that can outcompete noxious species. This type of treatment will be conducted in some fashion on all disturbed areas associated with the project.
- F. Well Plugging and Abandonment: If necessary, due to well conditions and productivity, SG will submit a Notice of Intent to Abandon (NIA) and await approval from the Forest Service. In the case of emergency, newly drilled dry holes, and failures, SG will request oral approval from the Forest Service subject to written confirmation. SG will notify the Forest Service prior to plugging operations in order to allow for approval and witnessing of the operations.
- G. Pit Reclamation:
1. SG will first ensure that all pits are dry and in a safe and stable condition. Second, SG will reclaim pits to blend naturally with surrounding pad area. All pits will have had a 24 mil (or greater) thick synthetic liner in place. The pits will not be trenched (cut) or filled (squeezed). SG will ensure pits are free of oil and other liquid and solid wastes and allow pits to dry, pump them dry, or solidify them in-situ. SG will use a vacuum truck, not heavy equipment, to remove wet contents from the pit to ensure that no punctures are made in the liner.

2. Once dry, SG will completely remove the pit liner per COGCC rules and regulations. The pit will be backfilled, and slightly mounded to allow for positive drainage and settling with at least 36" of fill for cover. Prior to backfilling, SG will ensure that there is not a concentration of hazardous substances or other contaminants in the reserve pit. Any hazardous substances or contaminated soils will be removed and disposed of in accordance with applicable federal, state, and local regulations.

H. Monitoring: SG will monitor interim and final reclamation progress (including roads and vegetation) through:

1. Conducting compliance and effectiveness monitoring in accordance with the Forest Service approved monitoring protocol.
2. Evaluate monitoring data for compliance with the reclamation plan.
3. Document and report monitoring data and revised reclamation strategies as needed.
4. Implement revised reclamation strategies as needed.
5. Repeat the process of monitoring, evaluating, documenting/reporting, and implementing, until reclamation goals are achieved.

11. Surface Ownership

The following is a list of the surface ownership of the well location, as well as all lands crossed by roads that SG Interests plans to construct or upgrade:

Name of Surface Owner	Address of Surface Owner	Phone Number	Type: Surface or Road Name/No
USDA Forest Service White River National Forest	900 Grand Ave. Glenwood Springs, CO 81601	970-945-2521	Surface Forest Service Road 300 & 300.4K

12. Other Information

Firearms and dogs are not allowed on the access road or location during any phase of this project. The drilling crew will have sufficient fire equipment on hand during fire season for suppressing fires on the well pad or access road.

Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 USC 1001 for the filing of false statements.

A handwritten signature in cursive script, reading "Catherine Dickert", is written over a horizontal line.

Executed this 26 day of October, 2012.

Catherine Dickert, Environmental & Permitting Manager
SG Interests I, Ltd.
1485 Florida Road, Suite C202, Durango, CO 81301
Phone: 970-385-0696
Email: cdickert@sginterests.com

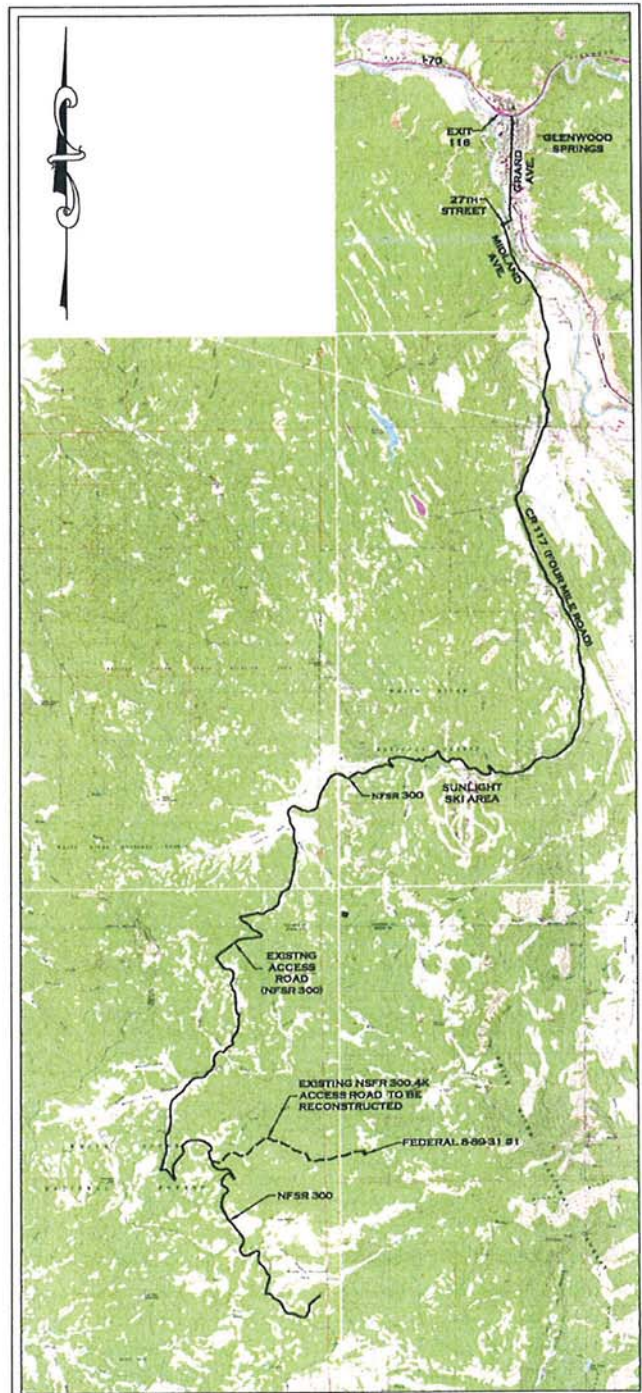
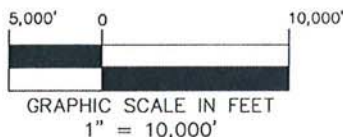
SG INTEREST I, LTD.

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.
COUNTY OF PITKIN, STATE OF COLORADO

ACCESS DESCRIPTION

FROM INTERSTATE - 70 EXIT 116
(GLENWOOD SPRINGS); THEN FOLLOW
ALONG (SOUTH) ON GRAND AVENUE
(COLORADO STATE HIGHWAY NO. 82)
± 1.6 MILES, THEN TURN RIGHT (WEST)
ON 27TH STREET ± 0.30 MILES THROUGH
THE ROUNDABOUT ONTO MIDLAND
AVENUE, HEAD SOUTH AND CONTINUE
ON MIDLAND AVENUE ± 1.3 MILES TO
THE INTERSECTION OF MIDLAND AVE.
AND COUNTY ROAD 117 (4 MILE ROAD),
CONTINUE RIGHT ONTO COUNTY ROAD
117 ± 8.1 MILES TO NATIONAL FOREST
SERVICE ROAD 300 (AKA CR 117), TURN
RIGHT ON NATIONAL FOREST SERVICE
ROAD 300 ± 1.9 MILES, THEN TURN
LEFT (NORTHEASTERLY) ONTO EXISTING
ACCESS ROAD SIGNED 300.4K ± 4.2
MILES TO FEDERAL 8-89-31 ACCESS
ROAD CONTINUE TO BEAR LEFT ± 300'
TO WELL PAD FEDERAL 8-89-31.



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-8676
FAX (970) 945-2555
WWW.HCENG.COM

DRAWN BY:	RPK	SCALE:	N/A
CHECKED BY:	FWH	PROJECT NO:	2121655.02
DATE:	SEPTEMBER 6, 2012		
FILE:	J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG		

WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

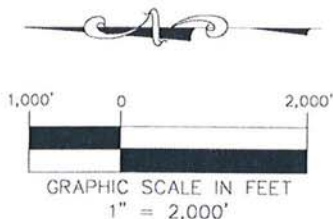
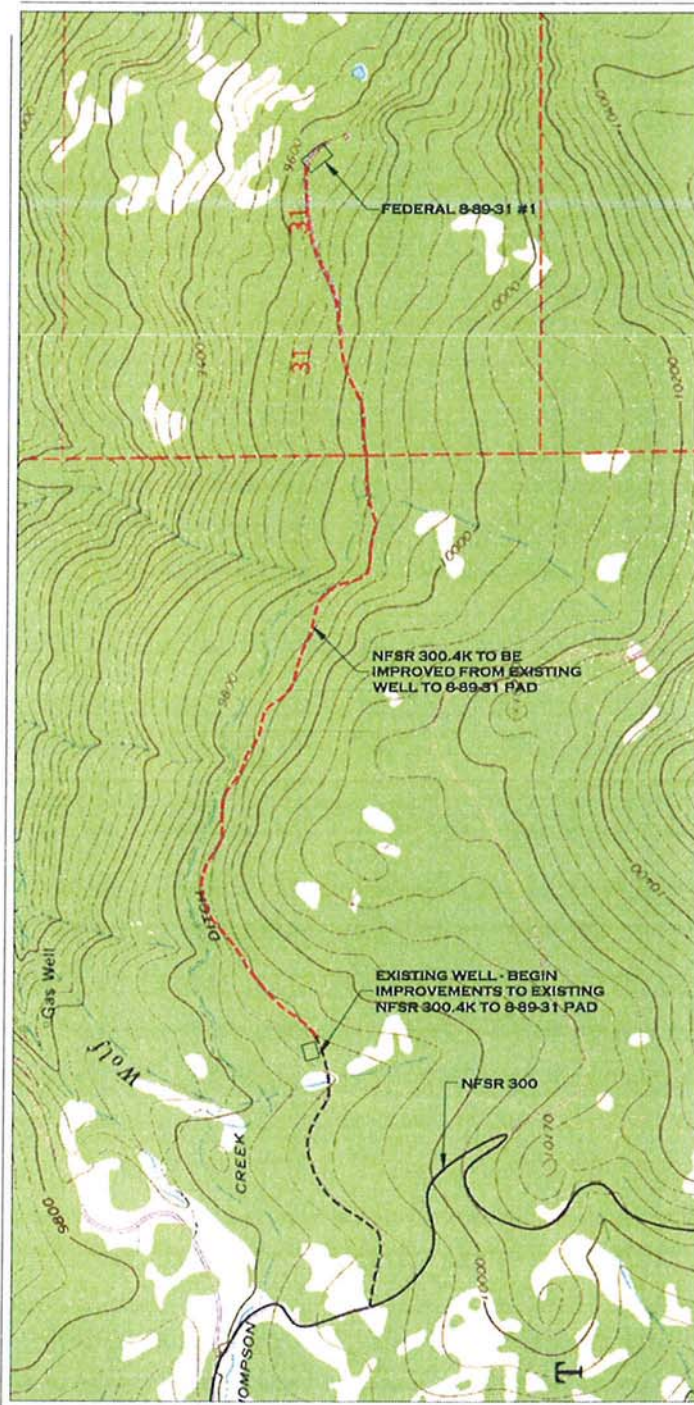
FEDERAL 8-89-31 #1

Figure 1A

SG INTEREST I, LTD.

FEDERAL 8-89-31 #1

SE1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.
COUNTY OF PITKIN, STATE OF COLORADO



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-8676
FAX (970) 945-2555
WWW.HCENG.COM

DRAWN BY:	SCALE:
RPK	N/A
CHECKED BY:	PROJECT NO:
FWH	2121655.02
DATE:	
SEPTEMBER 6, 2012	
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WELL LOCATION PLAT
PREPARED FOR: SG INTERESTS I, LTD.

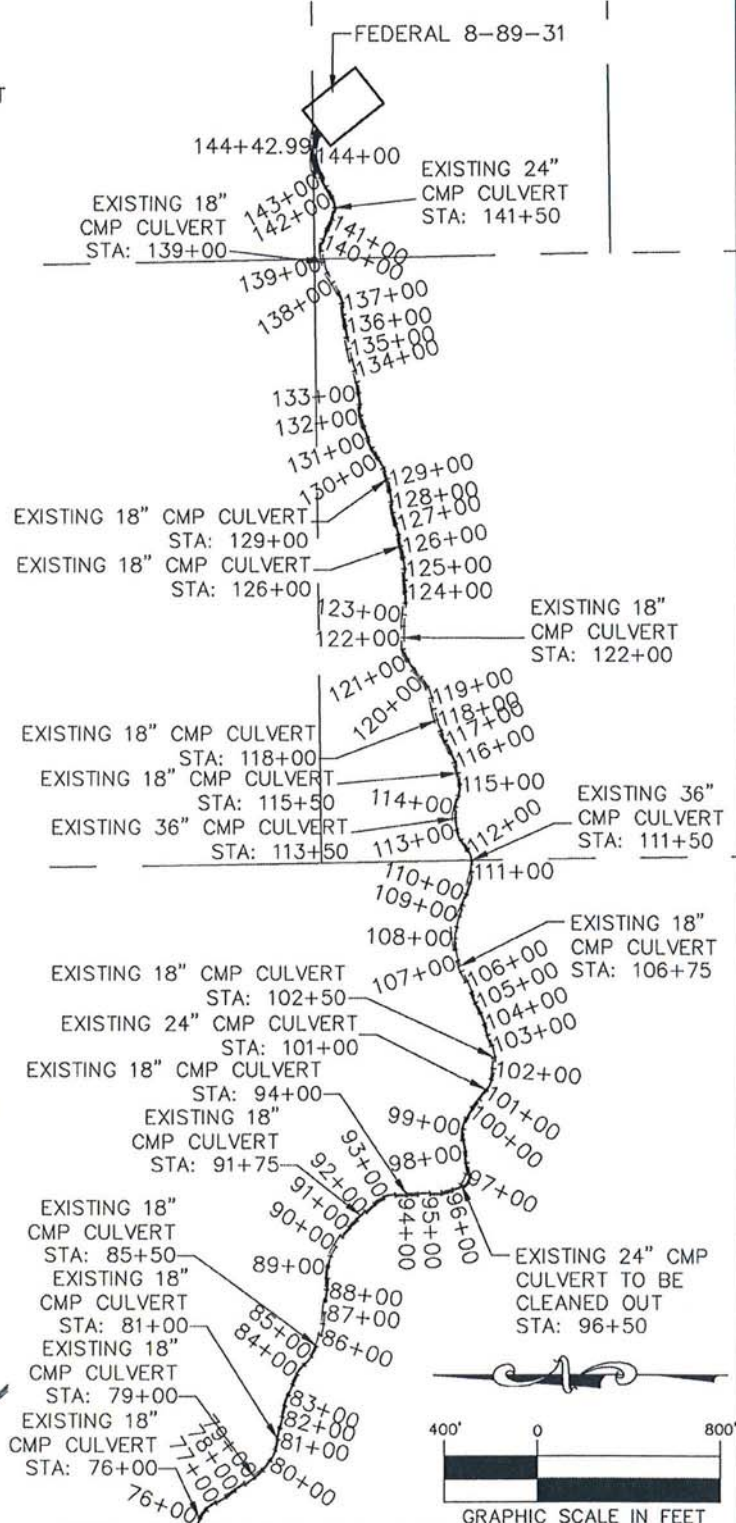
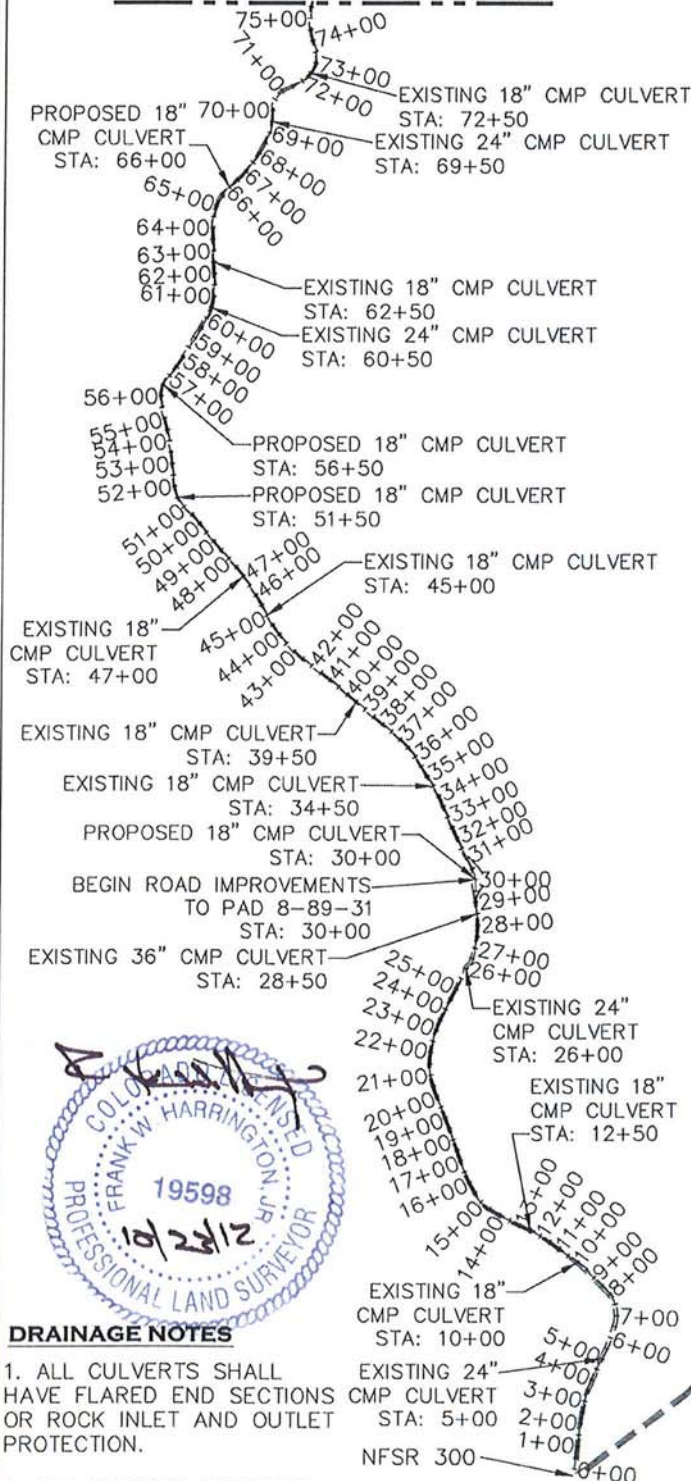
FEDERAL 8-89-31 #1

Figure 1B

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

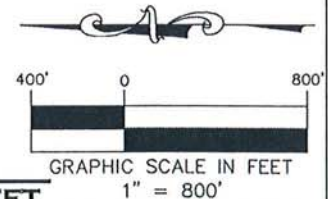
MATCHLINE - BELOW RIGHT



MATCHLINE - ABOVE LEFT

DRAINAGE NOTES

1. ALL CULVERTS SHALL HAVE FLARED END SECTIONS OR ROCK INLET AND OUTLET PROTECTION.
2. ALL EXISTING CULVERTS SHALL BE EXTENDED AS NECESSARY.



HIGH COUNTRY ENGINEERING, INC.



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DRAWN BY:

RPK

SCALE:

N/A

CHECKED BY:

FWH

PROJECT NO:

2121655.02

DATE:

SEPTEMBER 6, 2012

FILE:

J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

WELL LOCATION PLAT
PREPARED FOR:

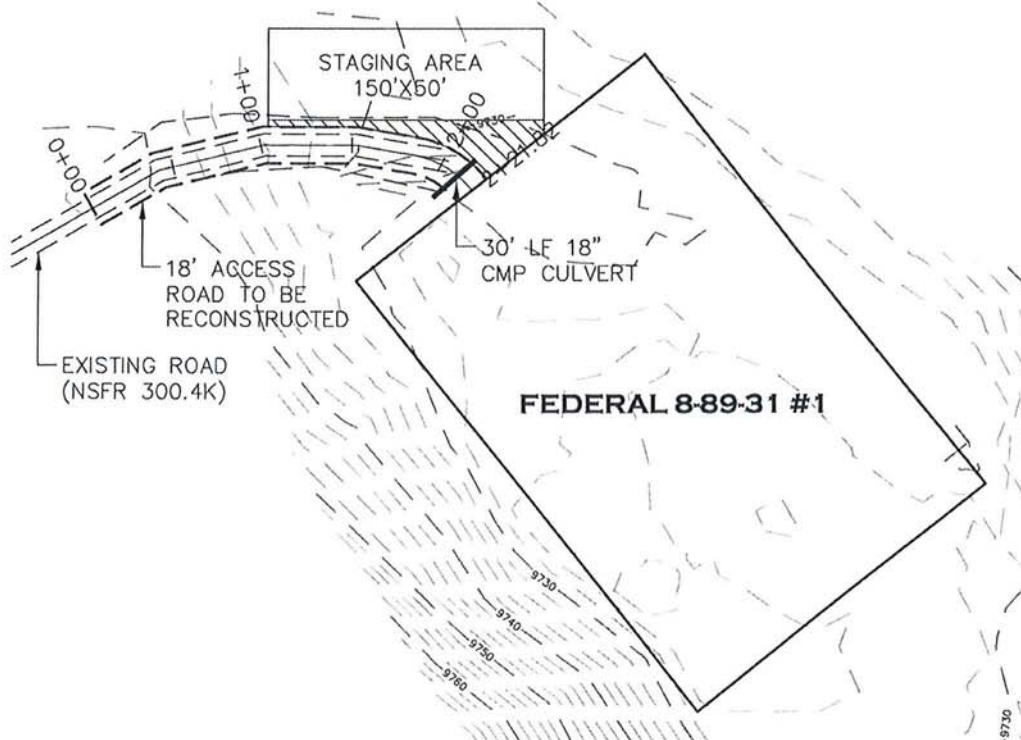
SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
EXISTING ACCESS ROAD PROFILE

Figure 1C

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

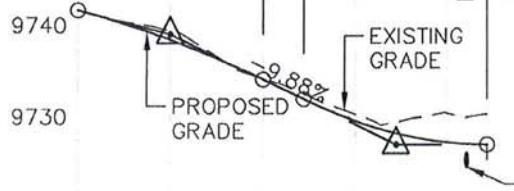


PVI STA = 0+50
PVI ELEV = 9739.03
A.D. = -4.65
K = 21.51

100.0' VC

100.0' VC

LOW POINT ELEV = 9727.00
LOW POINT STA = 2+21.82
PVI STA = 1+71.82
PVI ELEV = 9727.00
A.D. = 9.88
K = 10.12



PROPOSED 18" CMP CULVERT
STA: 2+20.6
INV: 9698.94

EXISTING ELEVATION @ CENTERLINE

PROPOSED ELEVATION @ CENTERLINE

DATUM ELEV 9715.00

9741.6	9739.4	9738.45	9734.2	9734.09	9730.3	9729.55	9730.4	9727.24	9730.3	9727.00
0+00			1+00						2+00	



EXISTING ACCESS ROAD TO BE RECONSTRUCTED PROFILE

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CHECKED BY: FWH
DATE: SEPTEMBER 6, 2012
FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

SCALE: N/A
PROJECT NO: 2121655.02

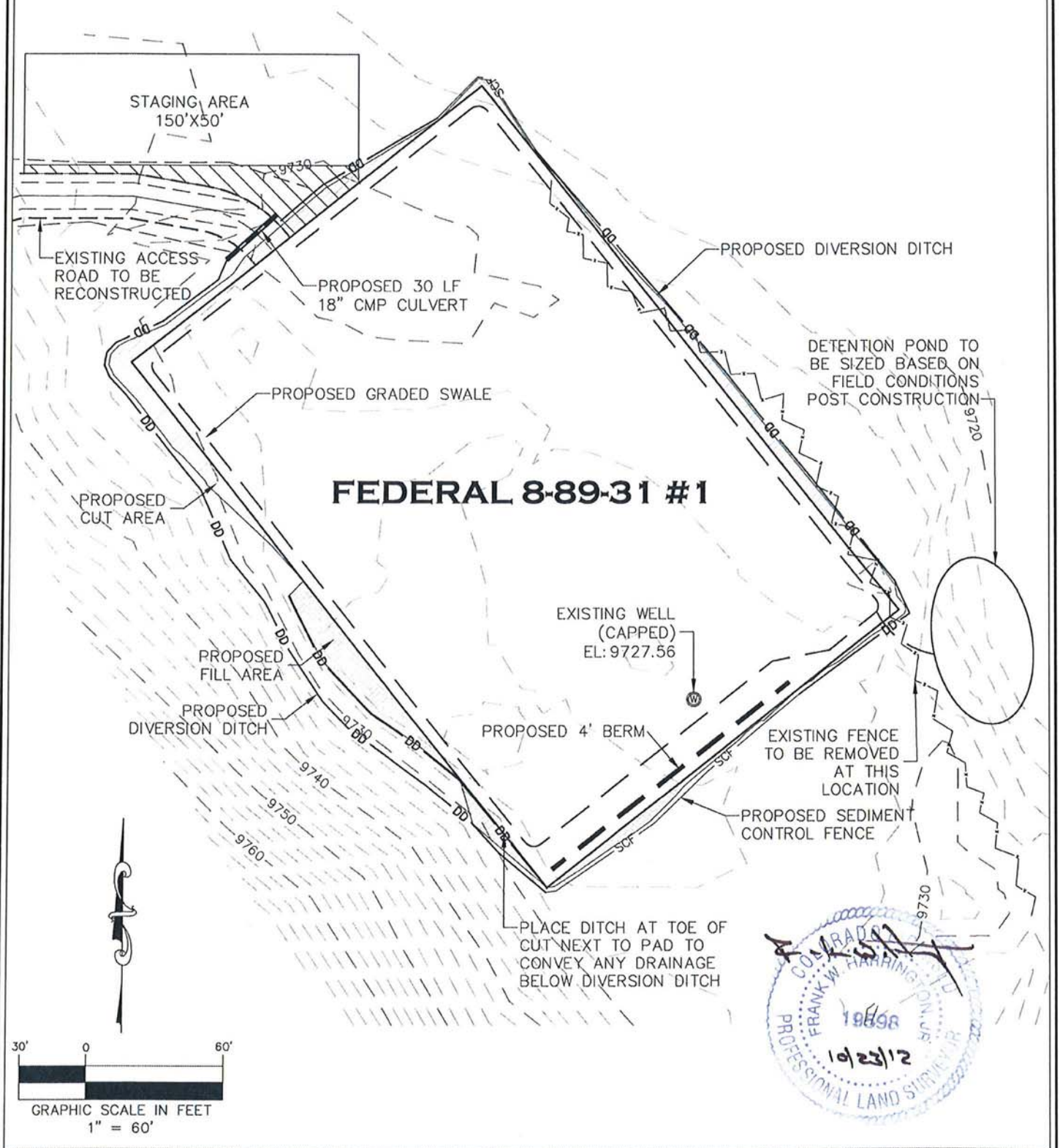
WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
EXISTING ACCESS ROAD TO BE
RECONSTRUCTED PLAN & PROFILE

Figure 1D

FEDERAL 8-89-31 #1

SE1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



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DATE: SEPTEMBER 6, 2012	
FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG	

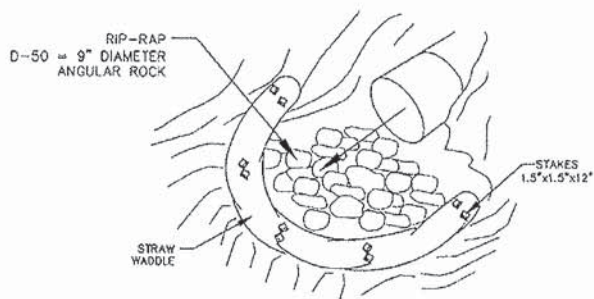
WELL LOCATION PLAT
PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
BEST MANAGEMENT PRACTICES LAYOUT

Figure 2A

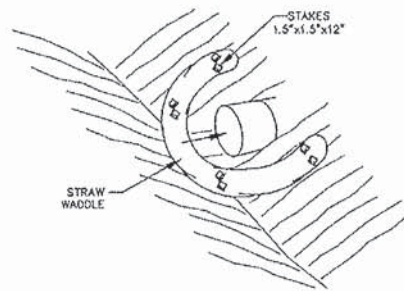
FEDERAL 8-89-31 #1

SE1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



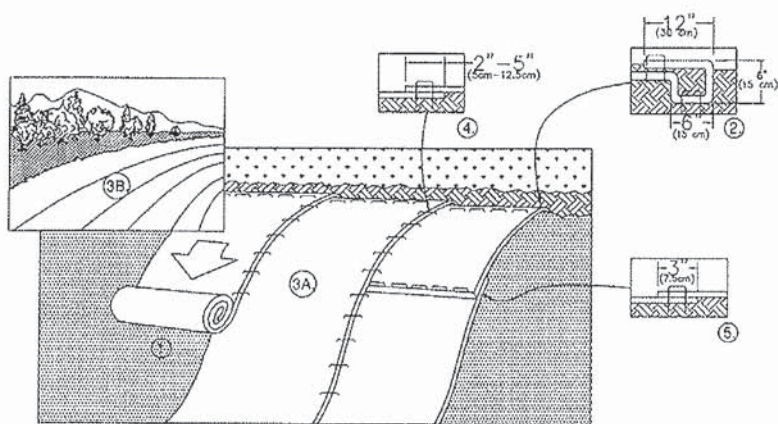
CULVERT OUTLET PROTECTION

N.T.S.



CULVERT INLET PROTECTION

N.T.S.

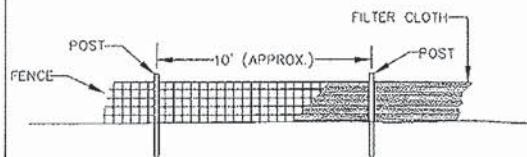
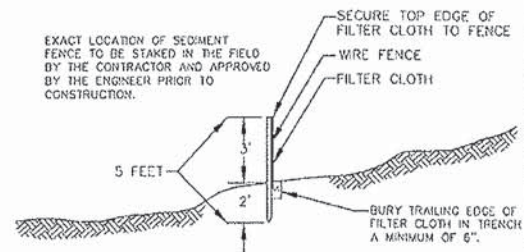


1. APPLY TO ALL NEWLY CUT/FILL SLOPES STEEPER THAN 4:1.
2. WITH APPROXIMATELY 12" (30cm) OF BLANKET EXTENDED BEYOND THE UP-SLOPE PORTION OF THE TRENCH. ANCHOR THE BLANKET WITH A ROW OF STAPLES/STAKES APPROXIMATELY 12" (30cm) APART IN THE BOTTOM OF THE TRENCH. BACKFILL AND COMPACT THE TRENCH AFTER STAPLING. APPLY SEED TO COMPACTED SOIL AND FOLD REMAINING 12" (30cm) PORTION OF BLANKET BACK OVER SEED AND COMPACTED SOIL. SECURE BLANKET OVER COMPACTED SOIL WITH A ROW OF STAPLES/STAKES SPACED APPROXIMATELY 12" (30cm) APART ACROSS THE WIDTH OF THE BLANKET.
3. ROLL THE BLANKETS (A) DOWN OR (B) HORIZONTALLY ACROSS THE SLOPE. BLANKETS WILL UNROLL WITH APPROPRIATE SIDE AGAINST THE SOIL SURFACE. ALL BLANKETS MUST BE SECURELY FASTENED TO SOIL SURFACE BY PLACING STAPLES/STAKES IN APPROPRIATE LOCATIONS AS SHOWN IN THE STAPLE PATTERN GUIDE. WHEN USING OPTIONAL DOT SYSTEM, STAPLES/STAKES SHOULD BE PLACED THROUGH EACH OF THE COLORED DOTS CORRESPONDING TO THE APPROPRIATE STAPLE PATTERN.
4. THE EDGES OF PARALLEL BLANKETS MUST BE STAPLED WITH APPROXIMATELY 2"-5" (5cm-12.5cm) OVERLAP DEPENDING ON BLANKET TYPE. TO ENSURE PROPER SEAM ALIGNMENT, PLACE THE EDGE OF THE OVERLAPPING BLANKET (BLANKET BEING INSTALLED ON TOP) EVEN WITH THE COLORED SEAM STITCH ON THE PREVIOUSLY INSTALLED BLANKET.
5. CONSECUTIVE BLANKETS SPLICED DOWN THE SLOPE MUST BE PLACED END OVER END (SHINGLE STYLE) WITH AN APPROXIMATE 3" (7.5cm) OVERLAP. STAPLE THROUGH OVERLAPPED AREA, APPROXIMATELY 12" (30cm) APART ACROSS ENTIRE.
6. IN LOOSE SOIL CONDITIONS, THE USE OF STAPLE OR STAKE LENGTHS GREATER THAN 6" (15cm) MAY BE NECESSARY.

EROSION CONTROL BLANKET DETAIL

LEGEND

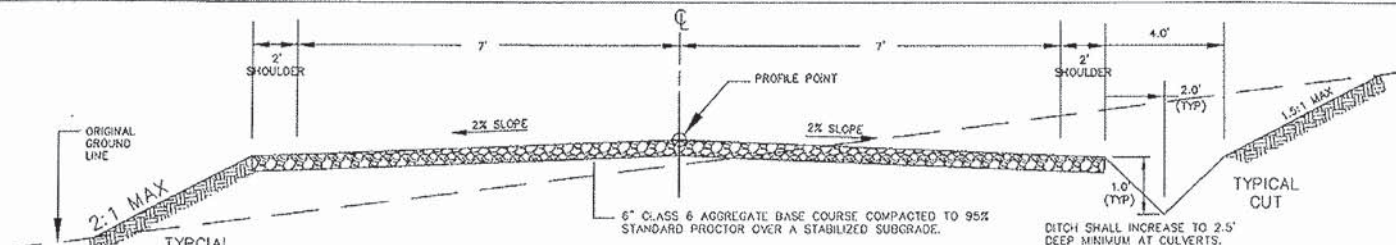
PROPOSED CULVERT	SD
PROPOSED SILT CONTROL FENCE	SCF
PROPOSED INLET PROTECTION	IP
PROPOSED OUTLET PROTECTION	OP



MATERIALS FOR FILTER CLOTH FENCE SHALL CONSIST OF STANDARD WOVEN LIVE-STOCK WIRE, A MINIMUM OF 36" IN HEIGHT, A MINIMUM OF 14-GAUGE WIRE, WITH A MAXIMUM MESH SPACING OF 6"; POSTS SHALL BE EITHER WOOD OR STEEL, MINIMUM LENGTH OF 6'.

SEDIMENT CONTROL FENCE

N.T.S.



TYPICAL ROAD SECTION

N.T.S.

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CHECKED BY: FWH	PROJECT NO: 2121655.04
DATE: SEPTEMBER 6, 2012	PAGE:
FILE: J:\SDSKPROJ\212\1655-04\DWG\1655.04.DWG	

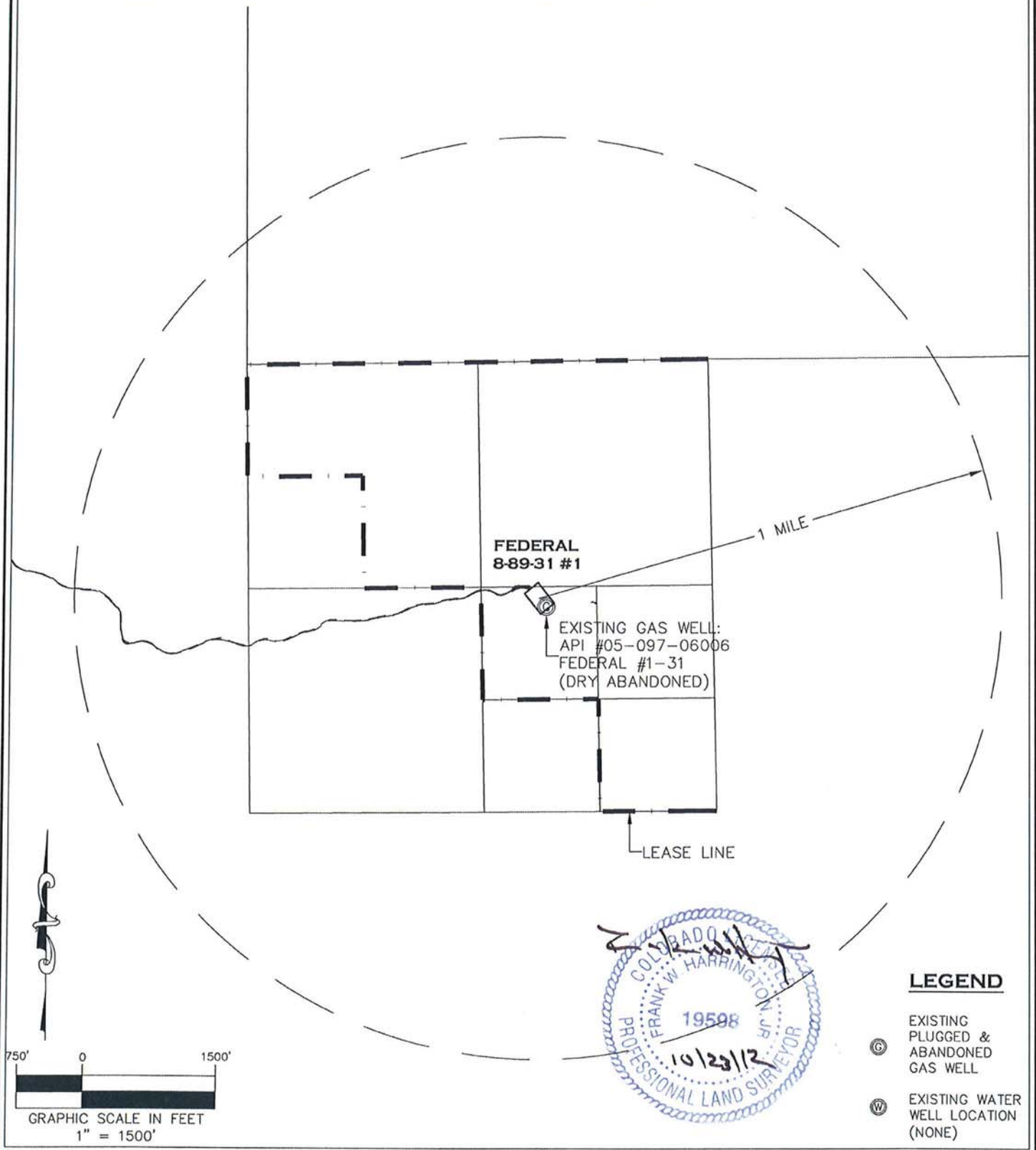
WELL LOCATION PLAT
PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
BEST MANAGEMENT PRACTICES
DETAILS

Figure 2B

FEDERAL 8-89-31 #1

SE1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



HIGH COUNTRY ENGINEERING, INC.



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DRAWN BY: RPK
CHECKED BY: FWH
DATE: SEPTEMBER 6, 2012
FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

SCALE: 1" = 200'
PROJECT NO: 2121655.02

WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
EXISTING WELLS LOCATION MAP

Figure 3

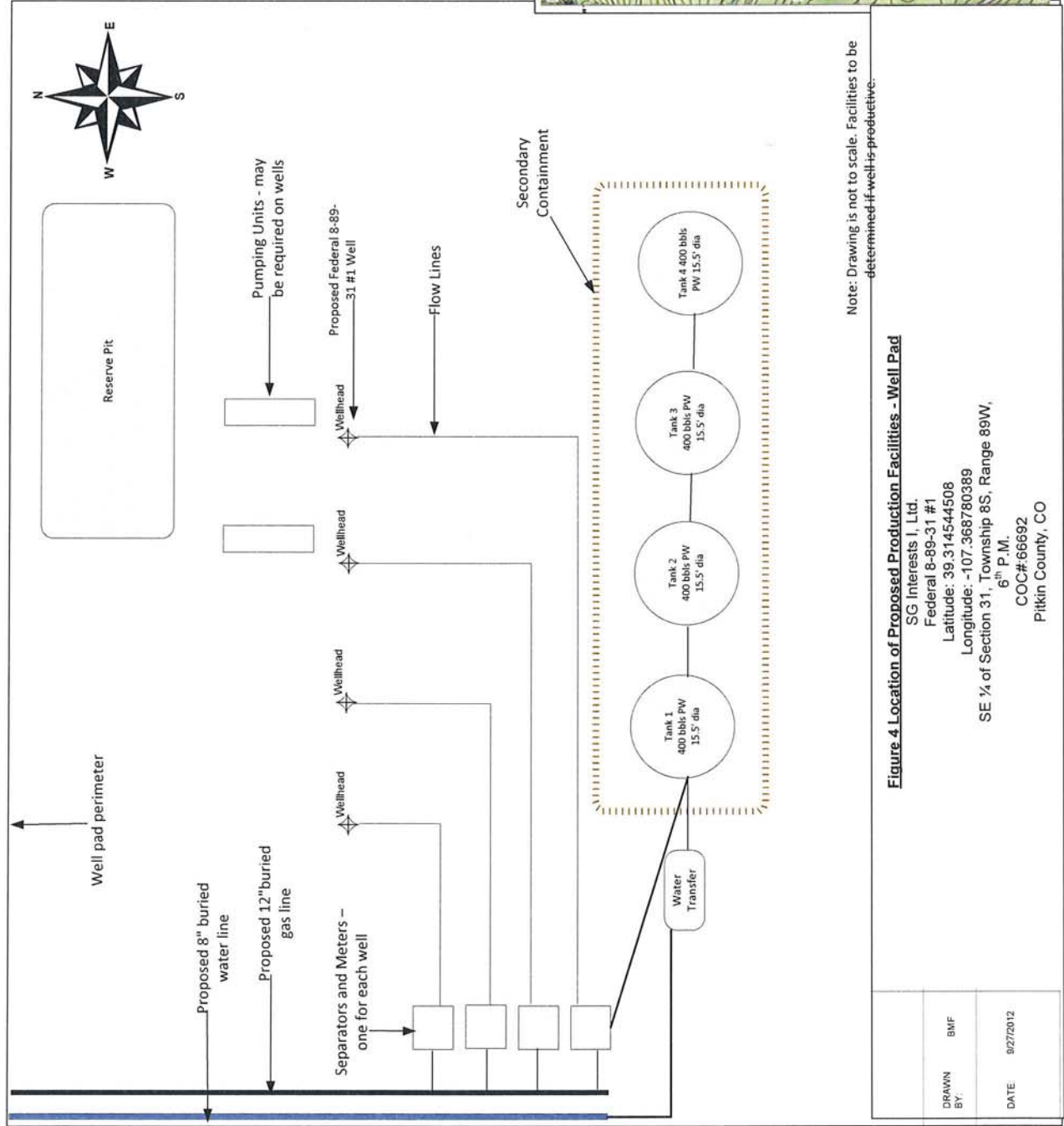


Figure 4

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

BASIS OF BEARING FOR THIS SURVEY IS A BEARING OF TRUE NORTH DETERMINED BY GPS OBSERVATION YIELDING A BASIS OF N89°14'46"E BETWEEN THE NORTHWEST CORNER OF SECTION 31 AND THE NORTH QUARTER CORNER OF SECTION 31, STONES FOUND IN PLACE.

FEDERAL 8-89-31
PITKIN COUNTY
COLORADO

LEASE #COC-66692

WELL NO. 1
2443.34' FSL
1980.94' FEL

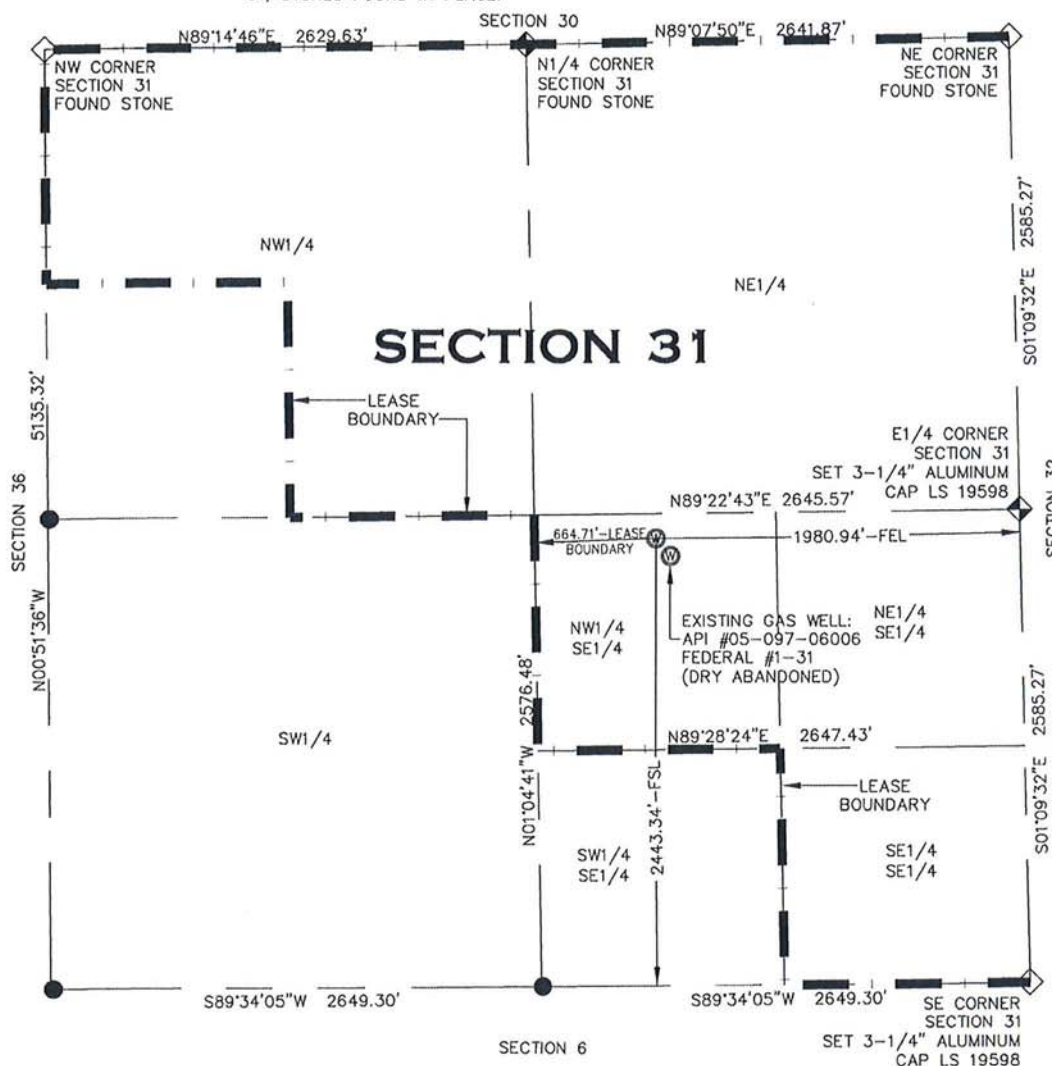
GROUND EL: 9727.0
PAD EL: 9727.0

UTM ZONE 13
(METERS)
NORTHING
4354358.345
EASTING
295782.821

NAD 83
LAT: 39.314544508
LONG: -107.368780389
NAD 27
LAT: 39.314562136
LONG: -107.368172022

LEGEND

- ⊙ PROPOSED WELL LOCATION
- ◇ FIELD SURVEYED SECTION CORNER
- ◆ FIELD SURVEYED QUARTER CORNER
- CALCULATED SECTION CORNER LOCATION



SURVEYOR'S STATEMENT

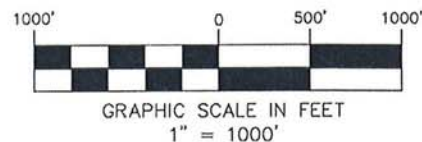
I, FRANK W. HARRINGTON, DO HEREBY STATE THAT THIS SURVEY WAS PREPARED BY HIGH COUNTRY ENGINEERING, INC. FOR SG INTERESTS, INC., THAT SAID SURVEY WAS PREPARED BY ME OR UNDER MY SUPERVISION AND RESPONSIBLE CHARGE AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY BELIEF AND KNOWLEDGE.

BY  FRANK W. HARRINGTON, L.S. NO. 19598, CRED 5



NOTES:

1. LATITUDES AND LONGITUDES ARE BASED ON NAD83, NGS CONTROL POINTS "ROSEBUD", "Q 158" AND "N 158".
2. ELEVATION BASED ON NAVD OF 1988.
3. WELL MEASUREMENTS ARE 90° FROM SECTION LINES.
4. USGS QUADRANGLE MAP "STONE RIDGE".
5. CURRENT SURFACE LAND USE: U.S. PUBLIC LANDS.
6. PDOP AT THE TIME OF THE LOCATION OF SURFACE WELL = 1.9.
7. DATE OF FIELD WORK, AUGUST 14, 2012.



HIGH COUNTRY ENGINEERING, INC.



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DRAWN BY:

RPK

SCALE:

1" = 1000'

CHECKED BY:

FWH

PROJECT NO:

2121655.02

DATE:

SEPTEMBER 6, 2012

FILE:

J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

WELL LOCATION PLAT
PREPARED FOR:

SG INTERESTS I, LTD.

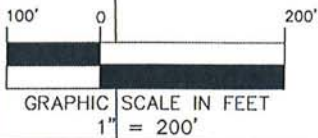
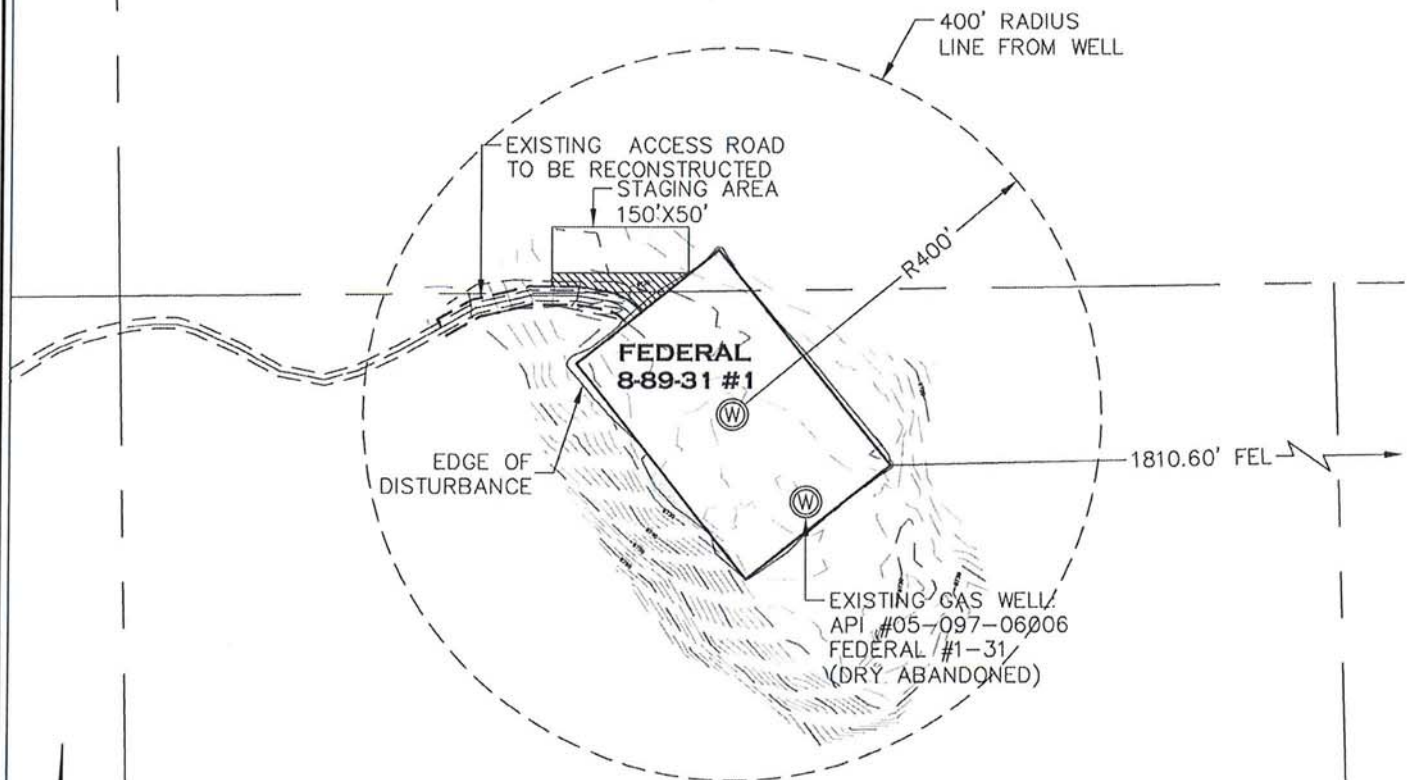
SE 1/4 - SECTION 31
TOWNSHIP 8 SOUTH, RANGE 89 WEST OF 6TH P.M.
PITKIN COUNTY, COLORADO

Figure 5A

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

LAND OWNER
WHITE RIVER NATIONAL FOREST
PARCEL NO. 2395-202-00-958
USE: PUBLIC LANDS



HIGH COUNTRY ENGINEERING, INC.



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CHECKED BY:	FWH	PROJECT No:	2121655.02
DATE:	SEPTEMBER 6, 2012		
FILE:	J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG		

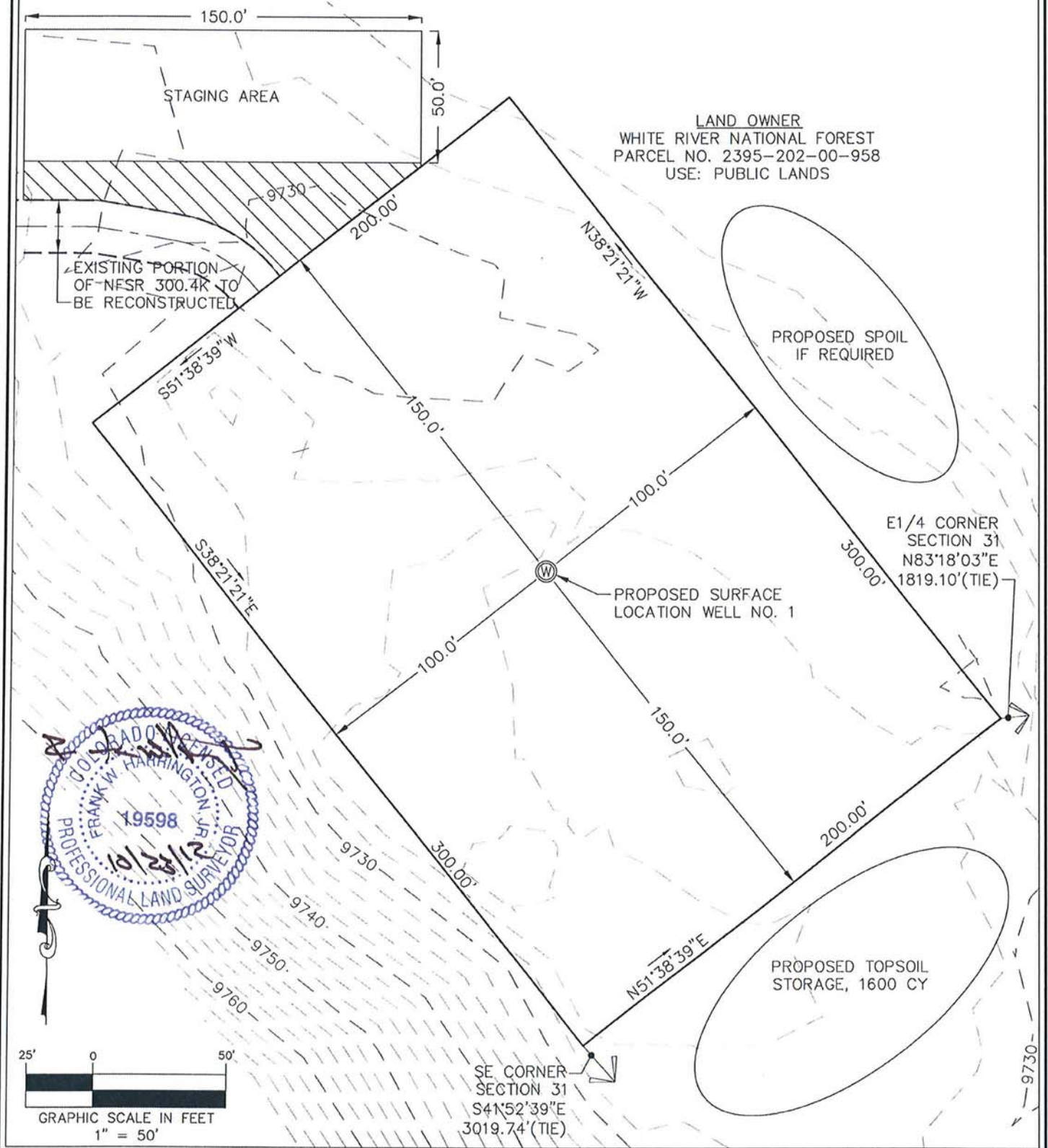
WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
LOCATION DRAWING

Figure 5B

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



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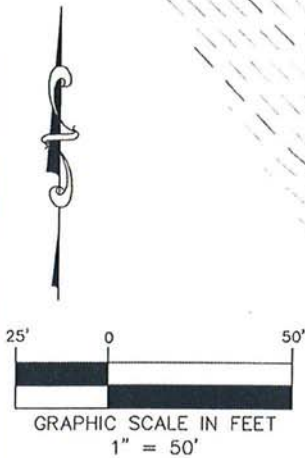
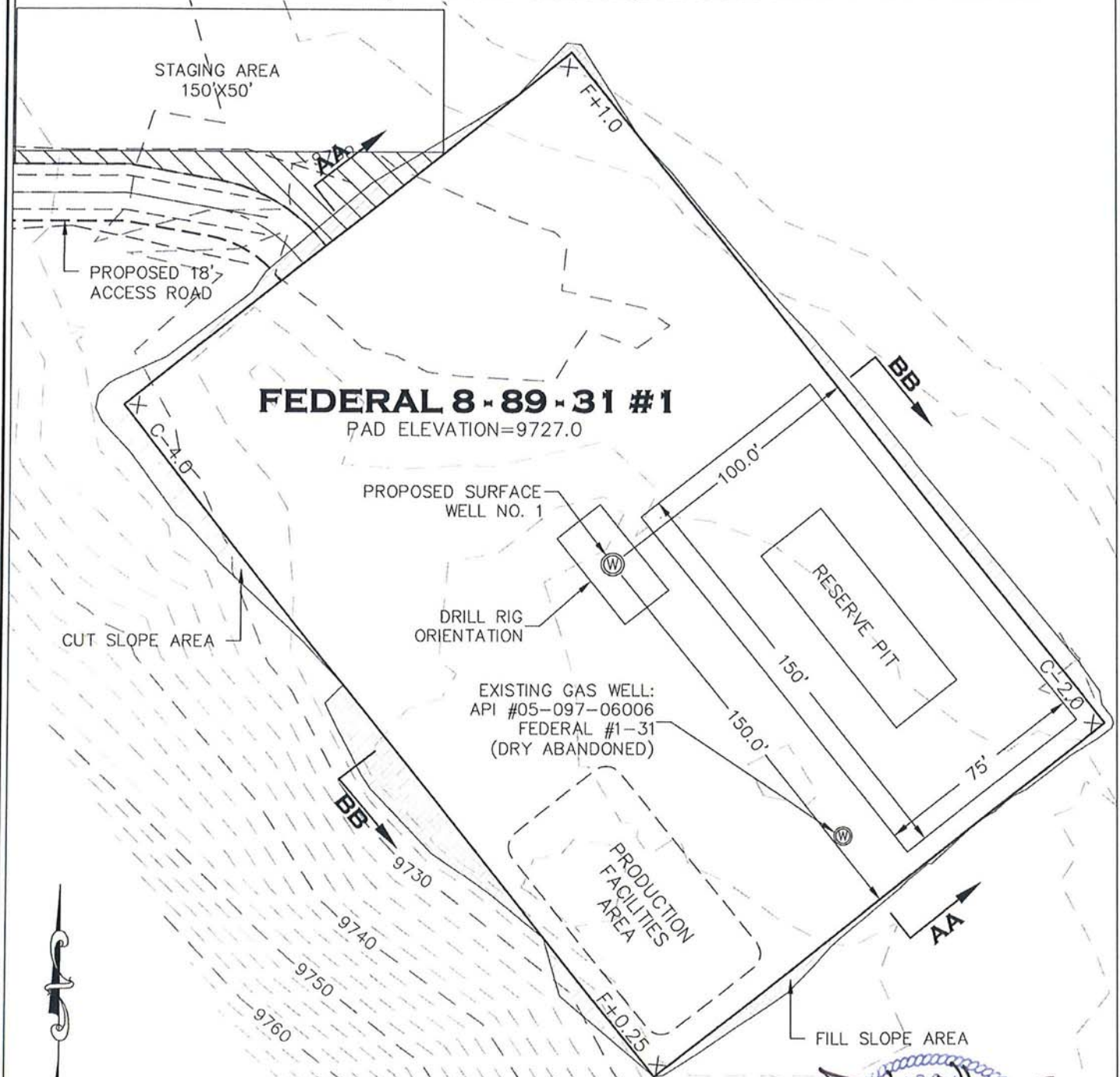
DRAWN BY: RPK
 CHECKED BY: FWH
 DATE: SEPTEMBER 6, 2012
 FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

SCALE: 1" = 50'
 PROJECT NO: 2121655.02
 WELL LOCATION PLAT PREPARED FOR: **SG INTERESTS I, LTD.**
FEDERAL 8-89-31 #1
WELL SITE LAYOUT

Figure 5C

FEDERAL 8-89-31 #1

SE 1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



DISTURBANCE AREA TABLE		
ITEM	ACREAGE	TOTAL
PAD AND CUT/FILL AREA	1.48	1.79 Acres
ACCESS ROAD	0.10	
STAGING AREA	0.21	



HIGH COUNTRY ENGINEERING, INC.



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DRAWN BY: RPK
CHECKED BY: FWH
DATE: SEPTEMBER 6, 2012
FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

SCALE: N/A

PROJECT No: 2121655.02

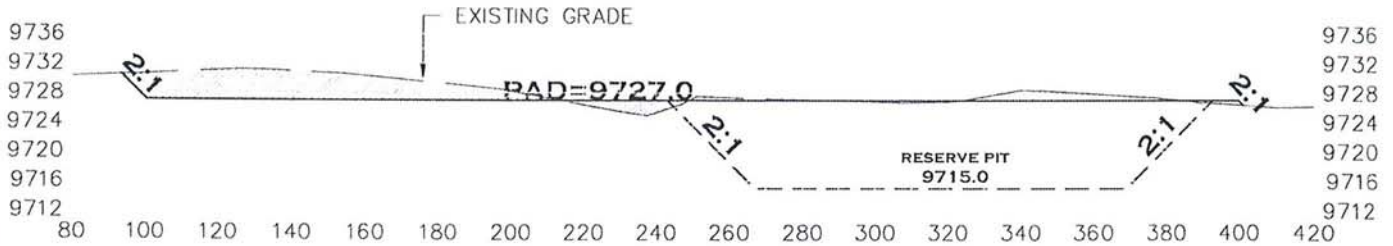
WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
FACILITIES & CONSTRUCTION LAYOUT

Figure 5D

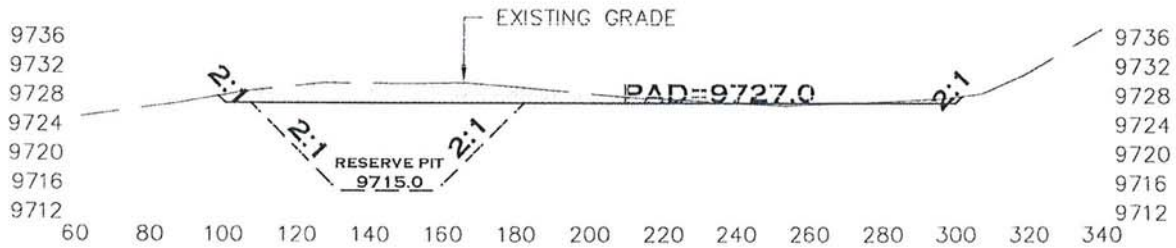
FEDERAL 8-89-31 #1

SE1/4 OF SECTION 31, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



CROSS SECTION A-A

HORZ: 1" = 50'
VERT: 1" = 25'



CROSS SECTION B-B

HORZ: 1" = 50'
VERT: 1" = 25'

ESTIMATED EARTHWORK VOLUME SUMMARY

CUT = 4,235 CUBIC YARDS

FILL = 1,408 CUBIC YARDS

TOPSOIL = 1,600 CUBIC YARDS (8" TOPSOIL)

NET = 2,827 CUBIC YARDS (CUT)

NOTE:

EARTHWORK QUANTITIES ASSUME 10% COMPACTION.



HIGH COUNTRY ENGINEERING, INC.



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DRAWN BY: RPK
CHECKED BY: FWH
DATE: SEPTEMBER 6, 2012
FILE: J:/SDSKPROJ/212/1655-02/DWG/1655.02.DWG

SCALE: N/A

PROJECT NO: 2121655.02

WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-31 #1
DRILL PAD CROSS SECTIONS

Figure 5E

SG Interests I, Ltd.
1485 Florida Road, Suite C202
Durango, CO 81301
(970) 385-0696

NINE POINT DRILLING PROGRAM

Well Name: Federal 8-89-31 #1
Lease Number(s): _____ Location(s): _____
Surface: COC66692 Sec. 31, T8S, R89W, 6thPM
Bottomhole: same same
Pitkin County, CO

The proposed well is a direct drill to be completed in the Corcoran formation, in accordance with the following plan:

1. Estimated Geologic Tops

Formation/Group	Depth of Top
MESA VERDE	1670
COAL RIDGE	2650
SOUTH CANYON	3725
CAMEO	4050
ROLLINS	4180
COZZETTE	5035
CORCORAN	5275

2. Estimated Prospective Productive Formations

Type	Name	Depth	Thickness
GAS	CAMEO	4050	50
GAS	COZZETTE	4180	150
GAS	CORCORAN	5275	150

SG Interests will protect the above listed resources by cementing casing across those formations.

3. Minimum Specifications for Pressure Control Equipment

BOP equipment and accessories will meet or exceed BLM requirements outlined in 43 CFR Part 3160. A 3000 or a 5000 psig double ram hydraulic BOP will be used (see attached diagram) for the production hole portion of the well (400' - 5500'). Maximum anticipated formation pressure is 2300 - 2500 psig. Accessories to the BOP will meet BLM requirements for the system used. The accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill line, kill line and line to choke manifold will be 2". BOP's will be function tested every 24 hours and will be recorded on IADC log. Surface casing will be tested to 1500 psig for 30 minutes.

Accessories to BOPE will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3000 or 5000 psig choke manifold with 3" adjustable and 3" positive chokes, and pressure gauge. A 5M BOP Choke Manifold Diagram is attached.

4. Proposed Casing Program

Casing/ Liner Stage	Hole Size	Casing Size	Casing/ Grade	Wt. (#/ft.)	Thread/ Coupling Type	Top (MD)	Bottom (MD)	Top (TVD)	Bottom (TVD)
Conductor	26"	16"	J-55	75	Welded	0'	80'	0'	80'
Surface	12.25"	9.625"	J-55	40	LTC	0'	400'	0'	400'
Production	8.50"	5.50"	P-110	17	LTC	0'	5,500'	0'	5,500'

5. Proposed Cementing Program

String	Stage Cement Depth	No. of Sacks & Type of Cement	Slurry Vol. (BBL)	Cement Top	Cement Bottom
Conductor		8 Yards Ready Mix	5	0'	80'
Surface		130 Sacks VERSACEM	155	0'	0'
Production	3,625'	780 Sacks Light Standard & Premium Plus	256	0'	5,500'

6. Circulating Mediums

A native water based spud mud system (FW) will be used for the surface hole (400' of 12-1/4" hole, set 9-5/8" casing). Primary product used will be gel for viscosity control.

A Low-solids, non-dispersed gel system (LSND) will be used throughout the Production hole (5,100' of 8-1/2" hole, set 5-1/2" casing to surface). Products used may include but not be limited to Barite for weighting material, gel for viscosity control, lime for alkalinity control, Pac LV for fluid loss, Desco for rheological control and to reduce gel strengths, and lost circulation materials (LCM) such as fibers, saw dust or walnut shells.

Solids control equipment will include shakers and a centrifuge. Fluid densities will be maintained as low as possible to drill with minimal over-balance to reduce the possibility of losing returns and/or of differentially sticking the drill sting. Hole conditions and drilling parameters will be monitored closely for indications of increases in formation pressures. Fluid densities will be adjusted accordingly.

Optimum hydraulics will be maintained to provide maximum hole cleaning and minimize washout of the wellbore. Rheological properties will be adjusted for optimum bit hydraulics, penetration rates and minimize drag forces on the wellbore. Holes conditions and mud properties will be optimized prior to running logs, running casing and cementing. Adequate amounts of lost circulation and weighting material will be on location if needed as well as sorbitive agents to handle potential spills of fuel or lubricants.

Depth	Type	Quantity	Wt (ppg)	Vis (sec)	Wtr loss	Solids
0-400'	FW		± 8.5-8.7	30-40	NC	<7%
400'-TD	LSND		± 9.0-9.5	40-70	6-8 cc	<7%

7. Testing, Coring and Logging Program

No DST's or cores are planned. Open-hole logs will include GR, Induction, Caliper, and Density logs from Lower Depth: ' to Upper depth:' and GR, Induction, Caliper, Density and FMI logs from TD to Lower Depth: Mud logger will be placed on well below surface casing. The mud logger will be responsible for monitoring gas from drilling and detecting abnormal pressure zones.

8. Anticipated Drilling Conditions, Pressures, Temperatures, Lost Circulation, H₂S, etc.

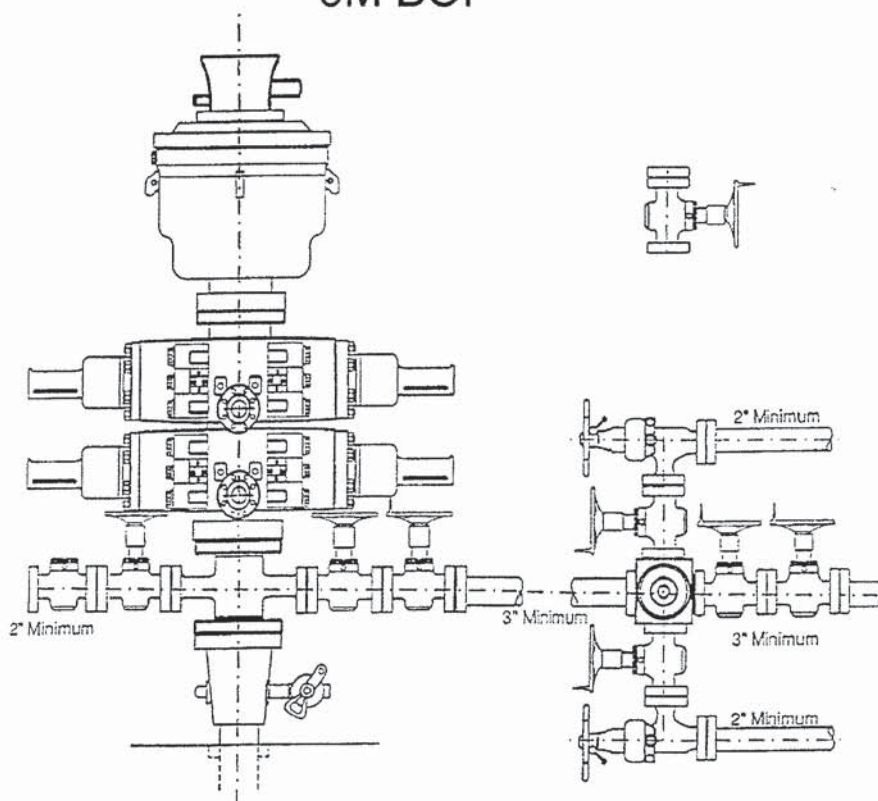
No abnormal pressures or temperatures are expected in this well. Maximum anticipated reservoir pressure at TD is Max Pressures psig with a normal temperature gradient. Lost circulation is possible. Lost circulation material will be maintained on location. The Production long string will have two stage cementing job performed. No H₂S is expected nor has H₂S been encountered in the drilling of any previous wells.

9. Other Operations

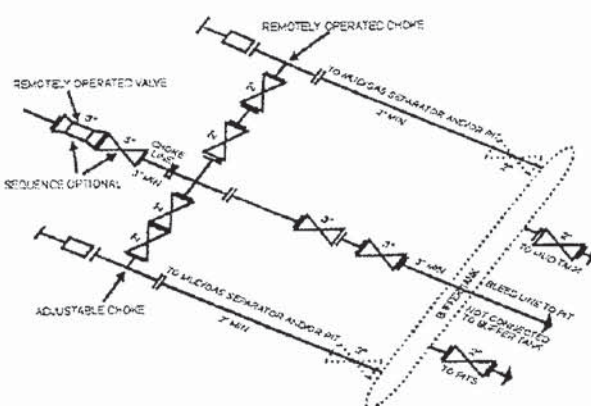
Anticipated spud date is Month & Year or as soon as permits are received and work can be scheduled. Estimated drilling time is 15-20 days. The well will be completed as a cased hole completion, perforated and hydraulically fracture stimulated. Completion operations are expected to take 14-28 days and will commence as soon after completion of drilling operations and scheduling allow.

5-M Choke Manifold Diagram

5M BOP



5M BOP



5M CHOKE MANIFOLD EQUIPMENT - CONFIGURATION OF CHOKES MAY VARY

Although not required for any of the choke runfill systems, buffer tanks are sometimes installed downstream of the choke assemblies for the purpose of equalizing the bleed lines together. When buffer tanks are employed, valves shall be installed upstream to isolate a failure or malfunction without interrupting flow control. This requirement does not show on 3M, 3M, 103M, OR 15M drawings, it would also be applicable to other runfills.

154-PR 39325, Sept. 22, 1989

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
COC66692

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Federal 8-89-31 #1

9. API Well No.

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator
SG Interests I Ltd.

3a. Address **1485 Florida Road, Suite C202
Durango, CO 81301**

3b. Phone No. (include area code)
970-385-0696

10. Field and Pool, or Exploratory
Wildcat

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface **2443.34 FSL, 1980.94 FEL, Sec. 31, T8S, R89W, 6thPM**
At proposed prod. zone **2443.34 FSL, 1980.94 FEL, Sec. 31, T8S, R89W, 6thPM**

11. Sec., T. R. M. or Blk and Survey or Area
Sec. 31, T8S, R89W, 6thPM

14. Distance in miles and direction from nearest town or post office*
27.4 miles From Glenwood Springs

12. County or Parish
Pitkin

13. State
CO

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) **664.71'**
N/A

16. No. of acres in lease
1440.00

17. Spacing Unit dedicated to this well
N/A

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. **100'**

19. Proposed Depth
5275'

20. BLM/BIA Bond No. on file
BO3278

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL 9727.0'


22. Approximate date work will start*
05/15/2013

23. Estimated duration
45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 

Name (Printed Typed)
Catherine Dickert

Date
10/26/2012

Title
Environmental & Permitting Manager

Approved by (Signature)

Name (Printed Typed)

Date

Title

Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

GEOSPATIAL DATABASE

SG Interests I, Ltd.

Federal 8-89-31 #1

Attribute Tables:

Enhanced Attribute Editor

Block: SURFACE BOTTOM HOLE MARKER
Tag: CA_SERIAL

Attribute | Text Options | Properties

Tag	Prompt	Value
CA_SERIAL	LEASE NUMBER	CO088932
CU_ORG_NA	OPERATOR	SG INTERESTS I, LTD.
WELL_NA	WELL NAME	FEDERAL 8-89-31
WE_API_NU	WELL NUMBER	#1
SURV_NAME	AMERICAN PETROLEUM INSTITUTE NUMBER (API)	FRANK W. HARRINGTON
SURV_NU	SURVEYOR NAME	CD #155589
PLAT_DATE	PLAT DATE	SEPTEMBER 6, 2012
PLAT_NU	PLAT NUMBER	39-31-654508 NAD83
LONGITUDE	LONGITUDE	-107.360780383 NAD83
STATE	STATE	CO
COUNTY_NA	COUNTY	PITKIN
MERIDIAN	MERIDIAN	6TH
TOWNSHIP	TOWNSHIP	69N
RANGE	RANGE	31
SECTION	SECTION	1
ALLOUT	ALLOUT Q1/Q2	NW1/4 SE1/4
WE_EW_FO	EAST/WEST FOOTAGE	1980.48 FSL
WE_NS_FO	NORTH/SOUTH FOOTAGE	2440.8 FSL

Value:

OK Cancel Help

Enhanced Attribute Editor

Block: SECTION USFS MARKER
Tag: CA_SERIAL

Attribute | Text Options | Properties

Tag	Prompt	Value
CA_SERIAL	LEASE NUMBER	CO088932
CU_ORG_NA	OPERATOR	SG INTERESTS I, LTD.
WELL_NA	WELL NAME	FEDERAL 8-89-31
WE_API_NU	WELL NUMBER	#1
SURV_NAME	AMERICAN PETROLEUM INSTITUTE NUMBER (API)	FRANK W. HARRINGTON
SURV_NU	SURVEYOR NAME	CD #155589
PLAT_DATE	PLAT DATE	SEPTEMBER 6, 2012
PLAT_NU	PLAT NUMBER	39-31-654508 NAD83
LONGITUDE	LONGITUDE	-107.360780383 NAD83
STATE	STATE	CO
COUNTY_NA	COUNTY	PITKIN
MERIDIAN	MERIDIAN	6TH
TOWNSHIP	TOWNSHIP	69N
RANGE	RANGE	31
SECTION	SECTION	1
CORNER_NA	CORNER NAME	N 1/4
GC08 ID	GC08 ID	140200

Value:

OK Cancel Help

Enhanced Attribute Editor

Block: QUARTER USFS MARKER
Tag: CA_SERIAL

Attribute | Text Options | Properties

Tag	Prompt	Value
CA_SERIAL	LEASE NUMBER	CO088932
CU_ORG_NA	OPERATOR	SG INTERESTS I, LTD.
WELL_NA	WELL NAME	FEDERAL 8-89-31
WE_API_NU	WELL NUMBER	#1
SURV_NAME	AMERICAN PETROLEUM INSTITUTE NUMBER (API)	FRANK W. HARRINGTON
SURV_NU	SURVEYOR NAME	CD #155589
PLAT_DATE	PLAT DATE	SEPTEMBER 6, 2012
PLAT_NU	PLAT NUMBER	39-31-654508 NAD83
LONGITUDE	LONGITUDE	-107.360780383 NAD83
STATE	STATE	CO
COUNTY_NA	COUNTY	PITKIN
MERIDIAN	MERIDIAN	6TH
TOWNSHIP	TOWNSHIP	69N
RANGE	RANGE	31
SECTION	SECTION	1
CORNER_NA	CORNER NAME	NE 1/4
GC08 ID	GC08 ID	300140

Value:

OK Cancel Help

Enhanced Attribute Editor

Block: SECTION USFS MARKER
Tag: CA_SERIAL

Attribute | Text Options | Properties

Tag	Prompt	Value
CA_SERIAL	LEASE NUMBER	CO088932
CU_ORG_NA	OPERATOR	SG INTERESTS I, LTD.
WELL_NA	WELL NAME	FEDERAL 8-89-31
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PLAT_NU	PLAT NUMBER	39-31-654508 NAD83
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STATE	STATE	CO
COUNTY_NA	COUNTY	PITKIN
MERIDIAN	MERIDIAN	6TH
TOWNSHIP	TOWNSHIP	69N
RANGE	RANGE	31
SECTION	SECTION	1
CORNER_NA	CORNER NAME	NE 1/4
GC08 ID	GC08 ID	200200

Value:

OK Cancel Help