

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0136
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. COC66705
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator SG INTERESTS I LTD		7. If Unit or CA Agreement, Name and No.
Contact: CATHERINE DICKERT E-Mail: cdickert@sginterests.com		8. Lease Name and Well No. FEDERAL 12-89-7 4
3a. Address 922 EAST SECOND AVENUE DURANGO, CO 81301	3b. Phone No. (include area code) Ph: 970-385-0696 Fx: 970-385-0636	9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NESE 1430FSL 731FEL 39.025470 N Lat, 107.371390 W Lon At proposed prod. zone SWSW 688FSL 1105FWL 39.023310 N Lat, 107.346700 W Lon		10. Field and Pool, or Exploratory WILDCAT
14. Distance in miles and direction from nearest town or post office* 25 MILES NORTH OF PAONIA, CO		11. Sec., T., R., M., or Blk. and Survey or Area Sec 7 T12S R89W Mer 6PM
15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 76' TO LEASE LINE WITHIN UNIT, 688' TO UNIT LINE	16. No. of Acres in Lease 140.00	12. County or Parish GUNNISON
18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft. THERE ARE NO WELLS ON THIS LEASE	19. Proposed Depth 13960 MD 7145 TVD	13. State CO
21. Elevations (Show whether DF, KB, RT, GL, etc.) 7377 GL	22. Approximate date work will start 07/01/2016	17. Spacing Unit dedicated to this well
		20. BLM/BIA Bond No. on file B03278
		23. Estimated duration 40 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:

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| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature (Electronic Submission)	Name (Printed/Typed) CATHERINE DICKERT Ph: 970-385-0696	Date 10/14/2015
Title ENV & PERMITTING MANAGER		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #319849 verified by the BLM Well Information System
For SG INTERESTS I LTD, sent to the Durango

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Additional Operator Remarks:

Item 41 is measured from the estimated top of production zone to the nearest lease line. This wellbore crosses lease lines within the Bull Mountain Unit. It is 688' from the bottom hole location to the nearest unit boundary.