

**BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO**

IN THE MATTER OF THE APPLICATION OF  
SG INTERESTS I, LTD. FOR AN ORDER  
ESTABLISHING A DRILLING AND  
SPACING UNIT IN SECTIONS 22, 15, 16, 9,  
8, 5, AND 4, TOWNSHIP 11 SOUTH,  
RANGE 90 WEST 6TH P.M., FOR THE  
MANCOS FORMATION, UNNAMED FIELD,  
GUNNISON COUNTY, COLORADO

CAUSE NO.

DOCKET NO. 1302-SP-27

**AMENDED APPLICATION**

SG Interests I, Ltd. ("Applicant"), by its undersigned attorneys, petitions the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order to establish a drilling and spacing unit to accommodate the drilling of up to 12 horizontal wellbores in the Mancos Formation, comprised of the following lands:

Township 11 South, Range 90 West, 6th P.M.

Section 22: N½

Section 15: All

Section 16: All

Section 9: All

Section 8: N½

Section 5: S½; and Lots 9-12

Section 4: SW¼; **and Lots 11 and 12**

Gunnison County, Colorado ("Application Lands," Exhibit A)

In support of its petition, Applicant states and alleges as follows:

1. Applicant is duly authorized to conduct business in Colorado and is a registered operator in good standing with the Commission.
2. Applicant is an owner of several federal leases comprising the proposed unit. Substantially all of the minerals underlying the proposed unit are owned by the United States, except for fee minerals underlying a portion of the north half of Section 15 (Rock Creek Ranch<sup>\*</sup>).
3. The Application Lands are unspaced with respect to the Mancos Formation, and are therefore subject to COGCC Rule 318.a. Pursuant to said rule, wells greater than 2,500' in depth may be drilled no closer than 600' to a lease (or unit) boundary, and no closer than 1200' to another well producing from the same formation.
4. The proposed unit is designed to utilize two existing well pads in an area of difficult terrain, to facilitate the eventual communitization of the federal mineral interests therein, and to

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<sup>\*</sup> N2/NE4/NE4, N2/SE4/NE4/NE4, SW4/NE4/NE4, NE4/NW4/NE4, S2/NW4/NE4, S2/NW4/NW4/NE4, S2/NE4/NE4/NW4, SE4/NE4/NW4, N2/NE4/SE4/NW4, N2/N2/SW4/NE4

allow optimal wellbore orientation and spacing to maximize recovery of the resource and prevent the waste thereof.

5. Applicant has drilled a vertical well, the Federal 11-90-15 #1, in Section 15 within the proposed unit, and based on its geologic analysis, including the permeability of the Mancos Shale, believes that up to 12 horizontal wellbores may be required to efficiently drain said formation and maximize recovery of the resource.

6. In order to promote efficient drainage and orderly development of the Mancos Formation underlying the Application Lands, to prevent waste, and to protect correlative rights, the Commission should establish the requested drilling and spacing unit, and allow the drilling of up to 12 horizontal wellbores therein, with the treated interval of said wellbores to be no closer than 600' to the unit boundaries. Applicant requests 600' internal spacing between the treated intervals of the lateral legs of the horizontal wellbores, *except* as to the toes of the lateral legs which may abut each other. See Exhibit A.

7. The requested drilling unit of the specified size and configuration is not smaller than the maximum area that can be economically and efficiently drained by the requested wells.


8. The undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

9. Applicant agrees to be bound by the oral order of the Commission.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing in February, 2013, notice be given as required by law, and that upon such hearing the Commission enter its order consistent with Applicant's petition as set forth above.

Dated: January 9, 2013.

**SG INTERESTS I, LTD.**

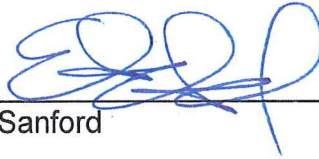
By:   
Kenneth A. Wonstolen  
Gregory J. Nibert Jr.  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16th Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499

Applicant's Address:  
SG Interests I, Ltd.  
Attn: Eric Sanford  
1485 Florida Road, Suite C202  
Durango, CO 81301

VERIFICATION

STATE OF COLORADO                    )  
  )     ss.  
COUNTY OF LA PLATA                )


Eric Sanford, of lawful age, being first duly sworn upon oath, deposes and says that he is Operations and Land Manager for SG Interests I, Ltd. and that he has read the foregoing **Amended Application** and that the matters therein contained are true to the best of his knowledge, information and belief.

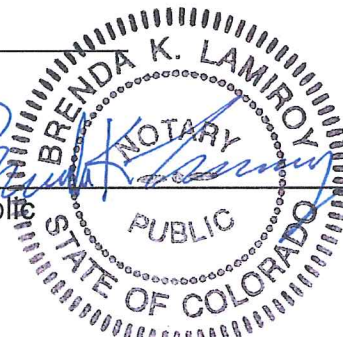
  
\_\_\_\_\_  
Eric Sanford

Subscribed and sworn to before me this 8<sup>th</sup> day of January, 2013.

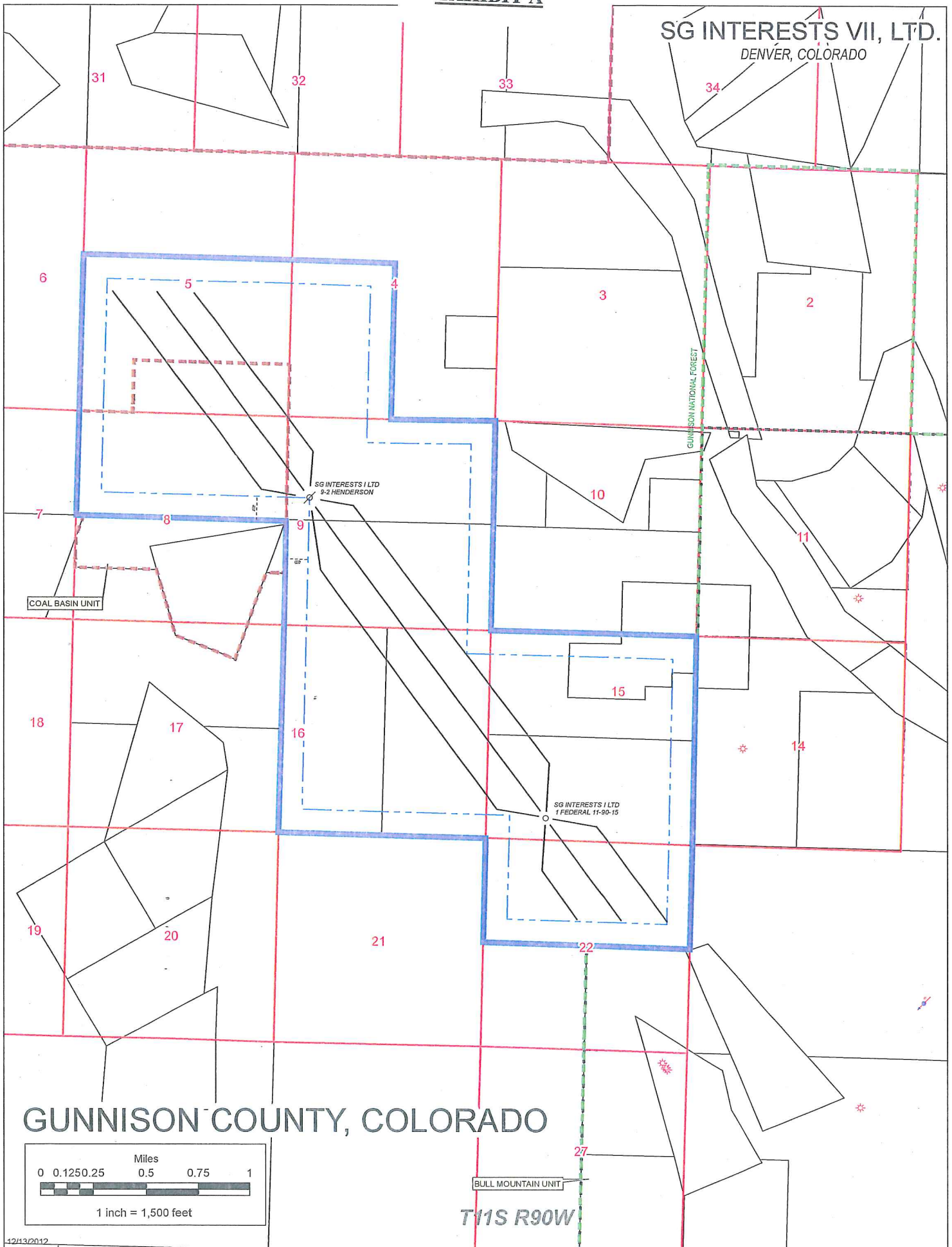
Witness my hand and official seal.

My commission expires: 8/20/13

  
\_\_\_\_\_  
Notary Public



**EXHIBIT A**



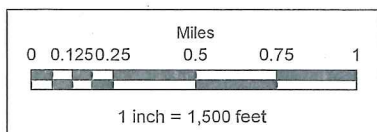
SG INTERESTS VII, LTD.  
DENVER, COLORADO

GUNNISON NATIONAL FOREST

COAL BASIN UNIT

BULL MOUNTAIN UNIT

GUNNISON COUNTY, COLORADO



T11S R90W

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**AFFIDAVIT OF MAILING**

STATE OF COLORADO                     )  
   )       ss.  
CITY AND COUNTY OF DENVER        )

Kenneth A. Wonstolen, of lawful age, and being first duly sworn upon him oath, states and declares:

That he is the attorney for SG Interests I, Ltd., and that on or before January 9, 2013, he caused a copy of the attached **Amended Application** to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A attached hereto.

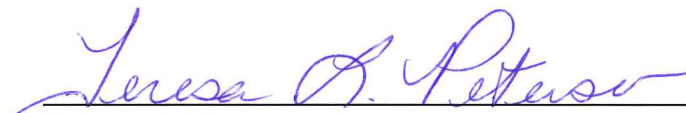
  
\_\_\_\_\_  
Kenneth A. Wonstolen

Subscribed and sworn to before me January 9, 2013.

Witness my hand and official seal.

My commission expires: 10-04-13.



  
\_\_\_\_\_  
Notary Public

## Exhibit A

### Interested Parties

SG Interests VII, Ltd.  
100 Waugh Drive, Suite 400  
Houston, TX 77007

Falcon Seaboard Oil & Gas, L.P.  
109 N Post Oak Lane, Suite 540  
Houston, TX 77024

Gunnison Energy Corporation  
1801 Broadway, Suite 1200  
Denver, CO 80202-3840

Gunnison Energy Corporation  
1601 Forum Pl., Suite 1400  
West Palm Beach, FL 33401

Rock Creek Ranch I, Ltd.  
100 Waugh Drive, Suite 400  
Houston, TX 77007

Scott Thurner  
1441 North Mayfair Road, Suite 101  
Wauwatosa, WI 53226-3281

Scott P. Thurner  
1441 North Mayfair Road, Suite 101  
Wauwatosa, WI 53226-3281

Doris Thurner  
1441 North Mayfair Road, Suite 101  
Wauwatosa, WI 53226-3281

Scott P. Thurner, Trustee of the Employees  
Profit Sharing Trust for Thurner Heat  
Treating Corp.  
1441 North Mayfair Road, Suite 101  
Wauwatosa, WI 53226-3281

Riviera Drilling & Exploration Company  
2491 Fountain Greens Place, Unit A2  
Grand Junction, CO 81505-8639

David Baumgarten  
Gunnison County  
200 East Virginia  
Gunnison, CO 81230

Kent Kuster  
Oil & Gas Consultant Coordinator  
Colorado Department of  
Public Health & Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

Michael Warren, Energy Liaison  
Colorado Parks and Wildlife  
Northwest Regional Office  
711 Independent Avenue  
Grand Junction, CO 81505

BLM Colorado State Office  
2850 Youngfield Street  
Lakewood, CO 80215-7093