


FORM 2 Rev 12/05	State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">DE</td> <td style="width: 25%;">ET</td> <td style="width: 25%;">OE</td> <td style="width: 25%;">ES</td> </tr> </table>	DE	ET	OE	ES
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APPLICATION FOR PERMIT TO:			Document Number: 2592772 Plugging Bond Surety 20030098				
1. <input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recomplete and Operate							
2. TYPE OF WELL OIL <input type="checkbox"/> GAS <input type="checkbox"/> COALBED <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> COMMINGLE ZONE <input type="checkbox"/>		Refiling <input type="checkbox"/> Sidetrack <input type="checkbox"/>					
3. Name of Operator: <u>SG INTERESTS I LTD</u>		4. COGCC Operator Number: <u>77330</u>					
5. Address: <u>PO BOX 26</u> City: <u>MONTROSE</u> State: <u>CO</u> Zip: <u>81402</u>							
6. Contact Name: <u>CATHERINE DICKERT</u> Phone: <u>(970)209-6464</u> Fax: <u>(970)252-0636</u> Email: <u>CDICKERT@SGINTERESTS.COM</u>							
7. Well Name: <u>COW SKULL 11-89-18</u>		Well Number: <u>2</u>					
8. Unit Name (if appl): <u>BULL MOUNTAIN U</u>		Unit Number: <u>COC067120</u> <div style="text-align: center;">X</div>					
9. Proposed Total Measured Depth: <u>4200</u>							
WELL LOCATION INFORMATION							
10. QtrQtr: <u>NESW</u> Sec: <u>18</u> Twp: <u>11S</u> Rng: <u>89W</u> Meridian: <u>6</u> Latitude: <u>39.098380</u> Longitude: <u>-107.380730</u>							
Footage at Surface: <u>1978</u> feet FNL/FSL <u>FSL</u> 1767 feet FEL/FWL <u>FWL</u>							
11. Field Name: <u>Wildcat</u>		Field Number: <u>99999</u>					
12. Ground Elevation: <u>7387</u>		13. County: <u>GUNNISON</u>					
14. GPS Data: Date of Measurement: <u>07/27/2010</u> PDOP Reading: <u>1.5</u> Instrument Operator's Name: <u>DAVID G. NICEWICZ</u>							
15. If well is <input type="checkbox"/> Directional <input type="checkbox"/> Horizontal (highly deviated) submit deviated drilling plan. Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL <div style="text-align: center;"> Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____ </div>							
16. Is location in a high density area? (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
17. Distance to the nearest building, public road, above ground utility or railroad: <u>2193 ft</u>							
18. Distance to nearest property line: <u>189 ft</u> 19. Distance to nearest well permitted/completed in the same formation: <u>5050 ft</u>							
20. LEASE, SPACING AND POOLING INFORMATION							
Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)			
CAMEO COAL	CMEOC						
COAL RIDGE COALS	COAL						
SOUTH CANYON COALS	COAL						

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#: _____

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☒ Yes ☐ No

23b. If 23 is No ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bon ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
SEE ATTACHED LEASE DOCUMENTS.

25. Distance to Nearest Mineral Lease Line: 189 ft 26. Total Acres in Lease: 741

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☐ No

31. Mud disposal: ☒ Offsite ☐ Onsite

Method: ☐ Land Farming ☐ Land Spreading ☒ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24	20	133	0	80	100	80	0
SURF	12+1/4	9+5/8	40	0	400	220	400	0
1ST	8+1/2	5+1/2	17	0	4,200	555	4,200	0

32. BOP Equipment Type: ☒ Annular Preventer ☒ Double Ram ☒ Rotating Head ☐ None

33. Comments COW SKULL 11-89-18 #2 TO BE CO-LOCATED WITH COW SKULL 11-89-18 #1 (API 05-051-06094).

34. Location ID: 414132

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☐ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ 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: ENVIRONMENTAL & PERMIT MG Date: 1/27/2011 Email: CDICKERT@SGINTERESTS.C

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: David S. Neslin Director of COGCC Date: 4/29/2011

API NUMBER

05 051 06100 00

Permit Number: _____ Expiration Date: 4/28/2013

CONDITIONS OF APPROVAL, IF ANY: _____

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.

(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.

(2) IF OPERATOR USES A RESERVE PIT, IT MUST BE LINED.

(3) OPERATOR MUST ENSURE 110 PERCENT SECONDARY CONTAINMENT FOR ANY VOLUME OF FLUIDS CONTAINED AT WELL-SITE DURING DRILLING AND COMPLETION OPERATIONS. IF FLUIDS ARE CONVEYED VIA PIPELINE, OPERATOR MUST IMPLEMENT BEST-MANAGEMENT-PRACTICES TO CONTAIN ANY UNINTENTIONAL RELEASE OF FLUIDS.

(4) THE MOISTURE CONTENT OF ANY DRILL CUTTINGS IN A CUTTINGS PIT, TRENCH, OR PILE SHALL BE AS LOW AS PRACTICABLE TO PREVENT ACCUMULATION OF LIQUIDS GREATER THAN DE-MINIMIS AMOUNTS. AT THE TIME OF CLOSURE, THE DRILL CUTTINGS MUST ALSO MEET THE APPLICABLE STANDARDS OF TABLE 910-1.

(5) THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 290 FEET DEEP.

Attachment Check List

Att Doc Num	Name
2592772	APD ORIGINAL
2592773	WELL LOCATION PLAT
2592774	TOPO MAP
2592775	MINERAL LEASE MAP
2592776	SURFACE AGRMT/SURETY
2592777	OIL & GAS LEASE

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Added field name and code	2/23/2011 1:59:19 PM

LGD	<p>I am the Local Government Designee for Gunnison County, Colorado.</p> <p>I. Incomplete Application.I request that, initially, a determination be made pursuant to COGCC Rule 303.h, Incomplete Applications, that this Oil and Gas Conservation Commission Application For Permit To Drill, Form 2, is incomplete, and shall not be reviewed or approved.If and when a determination of completeness is made, please re-notify me so that I can comment on the complete form.Items that are incomplete are:</p> <p>1. Item 35, Is this application in a Comprehensive Drilling Plan? Neither yes nor no is indicated;</p> <p>2. The Surface Use and Damage Agreement attached to #2592772(02) references Well 11-89-18 #1, but does not reference the instant subject well.</p> <p>3. Documentation was filed with Regulatory Form 2592778(02A), and provided to me by the COGCC on 2/16/11, that was not provided with the instant Regulatory Form but which directly references the instant site and well.The documentation filed with Regulatory Form 2592778(02A0 that references the instant site and well but was not attached to the instant application are:</p> <p>a. Location Picture #1, LF@2652518[2592783]</p> <p>b. Location Picture #2, LF@2652519[2592784]</p> <p>c. Hydrology Map, LF@2652521[2592786]</p> <p>d. Access Road Map, LF@2652522[2592787]</p> <p>e. Reference Area Map, LF@2652523[2592788]</p> <p>f. Proposed BMPs (see final paragraph), LF@2652525[2592791]</p> <p>g. Sensitive Area Determination Checklist, LF@2652526[2592792]</p> <p>h. Location Picture #3, LF@2652527[2592779]</p> <p>i. Location Picture #4, LF@2652528[2592780]</p> <p>j. Location Picture #5, LF@2652529[2592781]</p> <p>k. Location Picture #6, LF@2652530[2592782]</p> <p>l. Location Picture #7, LF@2652531[2592790]</p> <p>The identified documentation must be filed with this application for this application to be complete.</p> <p>II. Request for Consultation With Colorado Division of Wildlife.Please consider this to be a formal request for a consultation with the Colorado Division of Wildlife (CDOW).Although the documents provided by the COGCC to me with this Regulatory Form make no mention of potential impact to wildlife, based on other information made available to Gunnison County, this site may be in critical winter wildlife habitat (i.e. elk).This information includes the documentation (i.e. Proposed BMPs) filed by this Operator for the Cow Skull 11-89-18 #1 collocated on the same pad.</p> <p>III. Request for Consultation With Colorado Department of Public Health and Environment.Please consider this to be a formal request for a consultation with the Colorado Department of Public Health and Environment (CDPHE).Although the</p>	2/22/2011 3:05:04 PM
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LGD	documents provided by the COGCC to me with this Regulatory Form make no mention of potential impact to public health, safety and welfare, based on other information made available to Gunnison County, a consultation with CDPHE should be required. This information includes the documentation (i.e. Sensitive Area Determination Checklist, Proposed BMPs) filed by this Operator with Regulatory Form 2592778(02A), for the Cow Skull 11-89-18 #1 that indicate that this site may be a Rule 901.e sensitive area. IV. Request for Rule 901.e Determination by Director. I request that, following the consultation with CDPHE, the Director require the Operator to make a sensitive area determination, and that such determination be subject to the Director's approval. V. Request for Specific Conditions. I request that the Commission include, as a specific condition, that the Operator is required to obtain all necessary Gunnison County permits.	2/22/2011 3:05:04 PM
Permit	Plugging bond added at opr-Catherine's request. sf	2/2/2011 11:20:13 AM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>

Total: 0 comment(s)