

FORM 2A Rev 04/01

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 with 4 columns: DE, ET, OE, ES

Document Number: 2592778

Oil and Gas Location Assessment

New Location Amend Existing Location Location#: 414132

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations.

Location ID: 414132 Expiration Date: 04/28/2014

This location assessment is included as part of a permit application.

1. CONSULTATION

- This location is included in a Comprehensive Drilling Plan. CDP #
This location is in a sensitive wildlife habitat area.
This location is in a wildlife restricted surface occupancy area.
This location includes a Rule 306.d.(1)A.ii. variance request.

2. Operator

Operator Number: 77330 Name: SG INTERESTS I LTD Address: PO BOX 26 City: MONTROSE State: CO Zip: 81402

3. Contact Information

Name: CATHERINE DICKERT Phone: (970) 209-6464 Fax: (970) 252-0636 email: CDICKERT@SGINTERESTS.COM

4. Location Identification:

Name: COW SKULL 11-89-18 #1 Number: 414132 County: GUNNISON Quarter: NESW Section: 18 Township: 11S Range: 89W Meridian: 6 Ground Elevation: 7387
Define a single point as a location reference for the facility location. This point should be used as the point of measurement in the drawings to be submitted with this application. When the location is to be used as a well site then the point shall be a well location.
Footage at surface: 1978 feet FSL, from North or South section line, and 1767 feet FWL, from East or West section line.
Latitude: 39.098380 Longitude: -107.380730 PDOP Reading: 1.5 Date of Measurement: 07/27/2010
Instrument Operator's Name: DAVID G. NICEWICZ

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

Special Purpose Pits: 0 Drilling Pits: 2 Wells: 2 Production Pits: 0 Dehydrator Units: 0
Condensate Tanks: 1 Water Tanks: 6 Separators: 2 Electric Motors: 0 Multi-Well Pits: 0
Gas or Diesel Motors: 0 Cavity Pumps: 0 LACT Unit: 0 Pump Jacks: 1 Pigging Station: 0
Electric Generators: 0 Gas Pipeline: 1 Oil Pipeline: 0 Water Pipeline: 1 Flare: 1
Gas Compressors: 0 VOC Combustor: 0 Oil Tanks: 0 Fuel Tanks: 0
Other: WATER TRANSFER PUMP

6. Construction:

Date planned to commence construction: 06/01/2011 Size of disturbed area during construction in acres: 2.15
Estimated date that interim reclamation will begin: 09/01/2012 Size of location after interim reclamation in acres: 2.15
Estimated post-construction ground elevation: 7387 Will a closed loop system be used for drilling fluids: Yes
Will salt sections be encountered during drilling: Yes No Is H2S anticipated? Yes No
Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes No
Mud disposal: Offsite Onsite Method: Land Farming Land Spreading Disposal Facility
Other: _____

7. Surface Owner:

Name: _____ Phone: _____
Address: _____ Fax: _____
Address: _____ Email: _____
City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: _____
Surface Owner: Fee State Federal Indian
Mineral Owner: Fee State Federal Indian
The surface owner is: the mineral owner committed to an oil and gas lease
 is the executer of the oil and gas lease the applicant
The right to construct the location is granted by: oil and gas lease Surface Use Agreement Right of Way
 applicant is owner
Surface damage assurance if no agreement is in place: \$2000 \$5000 Blanket Surety ID _____

8. Reclamation Financial Assurance:

Well Surety ID: 20030098 Gas Facility Surety ID: _____ Waste Mgnt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes No
Distance, in feet, to nearest building: 2193, public road: 2483, above ground utilit: 2430
, railroad: 63979, property line: 189

10. Current Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
Subdivided: Industrial Commercial Residential

11. Future Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
Subdivided: Industrial Commercial Residential

12. Soils:

List all soil map units that occur within the proposed location. Attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to used when segregating topsoil.

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.gov/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: 37. FUGHES LOAM, 5-15% SLOPES

NRCS Map Unit Name: 38. FUGHES LOAM, 15-25% SLOPES

NRCS Map Unit Name: _____

13. Plant Community:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes No

Plant species from: NRCS or, field observation Date of observation: _____

List individual species: _____

Check all plant communities that exist in the disturbed area.

- Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- Native Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)
- Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)
- Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)
- Mountain Riparian (Cottonwood, Willow, Blue Spruce)
- Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)
- Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)
- Alpine (above timberline)
- Other (describe): VEGETATION HAS BEEN CLEARED AND WELL PAD HAS BEEN CONSTRUCTED.

14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: No Yes Was a Rule 901.e. Sensitive Areas Determination performed: No Yes

Distance (in feet) to nearest surface water: 190, water well: 2549, depth to ground water: 35

Is the location in a riparian area: No Yes Was an Army Corps of Engineers Section 404 permit filed No Yes

Is the location within a Rule 317B Surface Water Suppl Area buffer zone:

No 0-300 ft. zone 301-500 ft. zone 501-2640 ft. zone

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: No Yes

15. Comments:

SG INTERESTS PLANS TO DRILL THIS WELL IN THE LATE SPRING OR SUMMER OF 2011.

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

Signed: _____ Date: 01/27/2011 Email: CDICKERT@SGINTERESTS.COM

Print Name: CATHERINE DICKERT Title: ENVIRONMENTAL & PERMIT MG

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

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

SENSITIVE AREA (SHALLOW GROUNDWATER) COAs:

Location is in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.

Location is in a sensitive area because of shallow groundwater; therefore any pits constructed to hold fluids (i.e., production pit, frac pit, reserve pit) must be lined.

GENERAL SITE COAs:

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.

No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.

The drilling (reserve) pit must be fenced and netted. The operator must maintain the fencing and netting until the pit is closed in accordance with Rule 905. Closure of Pits, and Buried or Partially Buried Produced Water Vessels.

Due to the potential presence of seeps/springs in the area, the nearby hillside must be monitored for any day-lighting of drilling fluids throughout the drilling of the surface casing interval.

The surface soils and materials are fine-grained and highly unconsolidated; therefore appropriate BMPs need to be in place during all drilling and well completion operations. Standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater runoff.

Notify the COGCC Oil and Gas Location Assessment (OGLA) Specialist for Western Colorado (Dave Kubeczko; email dave.kubeczko@state.co.us) and the COGCC Field Inspection Supervisor for Northwest Colorado (Shaun Kellerby; email shaun.kellerby@state.co.us) 48 hours prior to start of fracing operations.

Flowback and stimulation fluids must be sent to tanks to allow the sand to settle out before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).

Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

SENSITIVE AREA (CLOSE SURFACE WATER) COAs:

Location is in a sensitive area because of proximity to surface water; therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.

Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed temporary surface pipelines or buried pipelines.

CDPHE consulted with Gunnison County during two conference calls for the Cow Skull 11-89-18, HL 11-89-19 #1 Pad and the Pasco Spadafora #2 Pad applications all owned by SG Interests. The second conference call involved SG Interests, CDPHE Stormwater, Gunnison County and COGCC. The issues included the sensitive area determination, proposed COAs and BMPs, the Stormwater Management Plan and automated leak detection for the pit liners. The COAs and BMPs were settled, SG Interests agreed to provide the proposed stormwater management plan for the Gunnison County planning commission meeting and automated leak detection for the liners were discussed but the determined to be too expensive and unreliable.

Attachment Check List

Att Doc Num	Name
2033661	CORRESPONDENCE
2033662	LOCATION DRAWING
2033663	LOCATION PICTURES
2592778	FORM 2A
2592779	LOCATION PICTURES
2592780	LOCATION PICTURES
2592781	LOCATION PICTURES
2592782	LOCATION PICTURES
2592783	LOCATION PICTURES
2592784	LOCATION PICTURES
2592785	LOCATION DRAWING
2592786	HYDROLOGY MAP
2592787	ACCESS ROAD MAP
2592788	REFERENCE AREA MAP
2592789	NRCS MAP UNIT DESC
2592790	MULTI-WELL PLAN
2592791	PROPOSED BMPs
2592792	SENSITIVE AREA DATA

Total Attach: 18 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
DOW	Operator bmps will suffice to address wildlife concerns at this location. However, the CDOW feels that this location is part of a larger plan of development and encourages the operator to address cumulative impacts to wildlife resources by completing a wildlife mitigation plan.	3/25/2011 3:58:01 PM

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

OGLA	Initiated/Completed OGLA Form 2A review on 03-16-11 by Dave Kubeczko; requested clarifications and acknowledgement of fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, monitoring hillside, no pit in fill, cuttings low moisture content, fenced/netted pits, and sensitive area COAs from operator on 03-16-11; received clarifications and acknowledgement of COAs from operator on 03-17-10; conducted CDOW/COGCC onsite 03-15-11; passed by CDOW on 03-25-11 with operator submitted BMPs (with permit application) and additional BMPs acceptable; passed OGLA Form 2A review on 03-31-11 by Dave Kubeczko; fluid containment, spill/release BMPs, lined pits/closed loop, flowback to tanks, tank berming, monitoring hillside, no pit in fill, cuttings low moisture content, fenced/netted pits, and sensitive area COAs.	3/16/2011 1:03:16 PM
LGD	<p>I am the Local Government Designee for Gunnison County, Colorado.</p> <p>1.REQUEST FOR CONSULTATION WITH COLORADO DIVISION OF WILDLIFE (CDOW).</p> <p>Please consider this to be a formal request for a consultation with the Colorado Division of Wildlife (CDOW).Based on documentation filed with this regulatory form, this site may be in Sensitive Wildlife Habitat.It appears that wildlife surveys to determine presence of any threatened, endangered or sensitive species have not been completed; therefore specific permit conditions cannot yet be identified.</p> <p>2.REQUEST FOR CONSULTATION WITH COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT (CDPHE).</p> <p>Please consider this to be a formal request for a consultation with the Colorado Department of Public Health and Environment (CDPHE).This request if based on documentation filed with this regulatory form including the Sensitive Area Determination Checklist, and Proposed BMPs.In particular, the Sensitive Area Determination Checklist indicates that a potential release from the facility (could) reach surface water features, and that (i)t is possible that an uncontrolled release from the well pad could flow into an irrigation ditch or travel downslope to the creek.See: III.2 below.</p> <p>3.REQUEST FOR SPECIFIC CONDITIONS.</p> <p>I request that the Commission include, as specific conditions: 1. That the Operator is required to obtain all necessary Gunnison County permits. 2. That the Commission consider that - given that the site is 190' to the nearest surface water - that the site be required to be a closed loop system.</p>	2/28/2011 9:43:52 AM
Permit	Added surface owner is executer	2/23/2011 1:51:15 PM
Permit	E-mailed D. Kubeczko who is ok with them submitting photos later, and will let them know if he needs other changes. sf	2/16/2011 4:50:48 PM
Permit	On hold for correct location drawing and location pictures. sf	2/2/2011 4:15:22 PM

Total: 6 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Wildlife	<ul style="list-style-type: none">• When working in water (wetlands, ponds, etc.) SG will make sure that any of its equipment that will contact the water, such as water tanks, water trucks, etc. is clean and free of aquatic nuisance species. Cleaning will be accomplished by following the protocol described in COGCC Rule 1204.a.2. SG will require contractors to follow the same protocol when bringing in equipment to work in water.• Whenever a pit is left open prior to reclamation, it will be fenced and covered with netting to prevent wildlife and birds from entering the pit. If it necessary to postpone pit closure due to winter conditions, excess water will be removed from the pit and solids in the pit will be fenced and tarped and will exclude wildlife and birds.• When scheduling projects in Elk Winter Concentration Areas, SG will make reasonable attempts to observe a winter timing restriction on heavy activity in these areas from December 1st through April 15th.

Total: 1 comment(s)