

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



Document Number:

400256142

Date Received:

03/17/2012

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

PluggingBond SuretyID

3. Name of Operator: SG INTERESTS I LTD

4. COGCC Operator Number: 77330

5. Address: PO BOX 26

City: MONTROSE State: CO Zip: 81402

6. Contact Name: Catherine Dickert Phone: (970)2096464 Fax: (970)2520636

Email: cdickert@sginterests.com

7. Well Name: Federal 11-90-9 Well Number: #3

8. Unit Name (if appl): NA Unit Number: NA

9. Proposed Total Measured Depth: 13500

WELL LOCATION INFORMATION

10. QtrQtr: SWNW Sec: 9 Twp: 11S Rng: 90W Meridian: 6

Latitude: 39.116830 Longitude: -107.458250

Footage at Surface: 1764 feet FNL/FSL FNL 1027 feet FEL/FWL FWL

11. Field Name: Wildcat Field Number: 99999

12. Ground Elevation: 7678.7 13. County: GUNNISON

14. GPS Data:

Date of Measurement: 10/31/2011 PDOP Reading: 1.5 Instrument Operator's Name: David Nicewicz

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL 1359 FNL 1635 FWL 209 FNL 1043 FEL 1043 FEL
Bottom Hole: FNL/FSL 209 FNL 1043 FEL 1043 FEL
Sec: 9 Twp: 11s Rng: 90w Sec: 16 Twp: 11S Rng: 90W

16. Is location in a high density area? (Rule 603b)? Yes No

17. Distance to the nearest building, public road, above ground utility or railroad: 5050 ft

18. Distance to nearest property line: 1450 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 13200 ft

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.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Cozzette Corcoran | CZ-CR | 431-2 | 160 | N2, SW |
| Mancos | MNCS | NA | | NA |

21. Mineral Ownership: Fee State Federal Indian Lease #: COC13483

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 Bond \$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 map.

25. Distance to Nearest Mineral Lease Line: 209 ft 26. Total Acres in Lease: 1866

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 **If 28, 29, or 30 are "Yes" a pit permit may be required.**

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 | 26 | 20 | 106.5 | 0 | 80 | 100 | 80 | 0 |
| SURF | 16 | 13+3/8 | 54.5 | 0 | 400 | 260 | 400 | 0 |
| 1ST | 12+1/8 | 9+5/8 | 40 | 0 | 5,500 | 1,280 | 5,500 | 0 |
| 2ND | 8+1/2 | 7 | 29 | 5300 | 9,074 | 355 | 9,074 | 5,300 |
| 1ST LINER | 6+1/8 | 4+1/2 | 13.5 | 8100 | 12,727 | 235 | 12,727 | 8,100 |

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

33. Comments _____

34. Location ID: _____

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: Env & Permit Manager Date: 3/17/2012 Email: cdickert@sginterests.com

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: _____ Director of COGCC Date: _____

| |
|-------------------|
| API NUMBER |
| 05 |

Permit Number: _____ Expiration Date: _____

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.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400256142 | FORM 2 SUBMITTED |
| 400256180 | WELL LOCATION PLAT |
| 400256181 | WELL LOCATION PLAT |
| 400256187 | DEVIATED DRILLING PLAN |
| 400256188 | DEVIATED DRILLING PLAN |
| 400260465 | DIRECTIONAL DATA |
| 400261017 | TOPO MAP |
| 400264001 | LEASE MAP |

Total Attach: 8 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|----------------|---------------------|
| | | |

Total: 0 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|-------------|----------------|
| | |

Total: 0 comment(s)