

FORM  
2

Rev  
12/05

# State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

2287186

Date Received:

01/31/2012

## 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

20030098

3. Name of Operator: SG INTERESTS I LTD

4. COGCC Operator Number: 77330

5. Address: 1485 FLORIDA RD #C202

City: DURANGO State: CO Zip: 81301

6. Contact Name: CATHERINE DICKERT Phone: (970)209-6464 Fax: (970)252-0636

Email: CDICKERT@SGINTERESTS.COM

7. Well Name: BORICH 11-89-32 Well Number: 1

8. Unit Name (if appl): BULL MOUNTAIN Unit Number: COC067120  
X

9. Proposed Total Measured Depth: 4350

## WELL LOCATION INFORMATION

10. QtrQtr: NWSE Sec: 32 Twp: 11S Rng: 89W Meridian: 6

Latitude: 39.053220 Longitude: -107.358140

Footage at Surface: 1435 feet FNL/FSL FSL 2314 feet FEL/FWL FEL

11. Field Name: WILDCAT Field Number: 99999

12. Ground Elevation: 7029 13. County: GUNNISON

### 14. GPS Data:

Date of Measurement: 10/31/2011 PDOP Reading: 0.2 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 \_\_\_\_\_ FEL/FWL \_\_\_\_\_ Bottom Hole: FNL/FSL \_\_\_\_\_ FEL/FWL \_\_\_\_\_

Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_ Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

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: 440 ft

18. Distance to nearest property line: 600 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 8950 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.)
CAMEO COAL	CMEOC			
COZZETTE-CORCORAN	CZ-CR			
MESAVERDE COAL	MVRDC			

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 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: 1000 ft 26. Total Acres in Lease: 240

### 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	16	50	0	80	185	80	0
SURF	12+1/4	9+5/8	40	0	400	220	400	0
1ST	8+1/2	5+1/2	17	0	4,350	550	4,350	0

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

33. Comments A SURFACE AGREEMENT IS NOT AVAILABLE AT THIS TIME.

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: ENVIRONMENTAL&PERMITTING Date: 1/17/2012 Email: CDICKERT@SGINTERESTS.C

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: 6/4/2012

API NUMBER

05 051 06108 00

Permit Number: \_\_\_\_\_ Expiration Date: 6/3/2014

**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) 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 400 FEET DEEP.

### Attachment Check List

Att Doc Num	Name
2287186	FORM 2 SUBMITTED
2287187	WELL LOCATION PLAT
2287188	TOPO MAP
2287189	LEASE MAP
2287190	OIL & GAS LEASE

Total Attach: 5 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Changed dist. to nearest min. lease to 1000' per oper. LGD comments addressed by doc #2034385 attached to 2A. LGD passed & pub. comments waived. Final Review--passed.	3/1/2012 3:10:09 PM
Permit	disaree w/ dist. to nearest min. lease	5/18/2012 8:18:49 AM

<p>LGD</p>	<p>1. Water Quality. Form 2A, at 14, indicates that the proposed site is in a Rule 901.e sensitive area (with distance to the nearest surface water to be 229 feet). The Sensitive Area Determination Checklist indicates:</p> <p>The proposed location is a sensitive area</p> <p>There are surface waters adjacent to or within 1/4 mile of the proposed site;</p> <p>A potential release could reach surface water features;</p> <p>That (a) release from the facility could impact surface waters by draining into one of the irrigation channels. These channels deliver return flow into Muddy Creek.</p> <p>That the proposed facility would have pits that will contain hydrocarbons and chlorides or other EP wastes;</p> <p>That the depth to groundwater is unknown.</p> <p>Gunnison County requests the Director to conduct further inquiry before approval; Gunnison County suggests that this site be required to be a pitless, closed loop system.</p> <p>2. Request for Colorado Division of Wildlife (CDOW) Consultation. Form 2A indicates that the proposed location is in a sensitive wildlife habitat area. Gunnison County acknowledges the applicant's proposed Best Management Practices (including those that address wildlife habitat), but requests a formal consultation with CDOW to discuss wildlife issues.</p> <p>3. Irrigation Ditches. At the February 10, 2012 site visit, the applicant indicated that the applicant will block the irrigation ditch on the southern portion of the property, and re-route the irrigation ditch. Gunnison County requests this be made a condition of approval such that:</p> <p>the blocked ditch be filled and reclaimed;</p> <p>the nearest portion of any remaining in irrigation ditch in the same drainage be no closer than 500 feet to the site.</p> <p>4. Wetlands. The February 10, 2012 site visit indicates that there is a geographic feature between the proposed site and the nearest wetland. Gunnison County requests that this be confirmed by the COGCC.</p> <p>5. Highway Access. Gunnison County requests that the COGCC carefully analyze the proposed vehicular access to the site; Gunnison County suggests that the analysis include:</p> <p>a geo-hazard study of the proposed access;</p> <p>identification of all projected construction, maintenance and operation traffic to inform classification of required CDOT access; and</p> <p>requiring compliance with Gunnison County road standards not only for this operation but also for any other anticipated uses.</p> <p>Thank you,</p> <p>David Baumgarten</p> <p>Gunnison County Attorney</p> <p>Local Government Designee</p>	<p>2/14/2012 4:24:12 PM</p>
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Permit	Changed zone type to multiple and commingle to yes	2/6/2012 10:31:19 AM
Permit	Input plugging bond, changed 22b to N/A, and #36 to yes per operators email. This form has passed completeness.	1/31/2012 2:15:38 PM
Permit	Missing plugging bond, Surface and minerals information, and #36. Emailed operator	1/31/2012 1:51:28 PM

Total: 6 comment(s)

**BMP**

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

Total: 0 comment(s)