

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____	Refiling <input type="checkbox"/>
ZONE TYPE SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Sidetrack <input type="checkbox"/>

Date Received: 03/10/2015

Well Name: Federal 11-90-9 Well Number: 4

Name of Operator: SG INTERESTS I LTD COGCC Operator Number: 77330

Address: 100 WAUGH DR SUITE 400

City: HOUSTON State: TX Zip: 77007

Contact Name: Catherine Dickert Phone: (970)3850696 Fax: (970)3850636

Email: cdickert@sginterests.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20030098

WELL LOCATION INFORMATION

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

Latitude: 39.116870 Longitude: -107.458290

Footage at Surface: <u>1754</u> feet	FNL/FSL FNL <u>1016</u> feet	FEL/FWL FWL _____
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Field Name: WILDCAT Field Number: 99999

Ground Elevation: 7680 County: GUNNISON

GPS Data:
Date of Measurement: 01/01/2015 PDOP Reading: 1.0 Instrument Operator's Name: David Nicewicz

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
<u>2539</u> FSL <u>668</u> FWL _____	<u>1445</u> FNL <u>2529</u> FEL _____		
Sec: <u>9</u> Twp: <u>11S</u> Rng: <u>90w</u>	Sec: <u>16</u> Twp: <u>11S</u> Rng: <u>90W</u>		

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
(check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: No

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: 20030098

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

See attached Mineral lease map which combines Federal lease COC 42314 (1862 acres)& COC 13483 (1866 acres).

Total Acres in Described Lease: 3728 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC042314

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5060 Feet

Building Unit: 5060 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 980 Feet

Above Ground Utility: 5125 Feet

Railroad: 5280 Feet

Property Line: 1440 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 1235 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 2766 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): N/A Unit Number: N/A

SPACING & FORMATIONS COMMENTS

Spacing established per Order No. 547-1 consisting of Sections 9, 15, 16 and N/2 of 22, all in Township 11S, Range 90W. BLM Communitization Agreement is pending.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
MANCOS	MNCS	547-1	2240	ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 13955 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 1832 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number _____
- Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments: This well will produce from multiple federal leases as shown on the attached Mineral Lease Map. The lease listed on the APD is the first lease encountered at the estimated top of production. This well will be located on the same well pad as the Federal 11-90-9 #5 and the previously permitted Federal 11-90-9 #3 (API 05-051-06112). A Form 2A has also previously been permitted to include all 3 wells (Doc # 400673696). The federal APD will be submitted when complete.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 430226

Is this application being submitted with an Oil and Gas Location Assessment application? _____ 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: 3/10/2015 Email: cdickert@sginterests.com

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: Matthew Lee Director of COGCC Date: 5/3/2015

Expiration Date: 05/02/2017

API NUMBER

05 051 06147 00

Conditions Of Approval

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.

COA Type

Description

- (1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.
- (2) Operator shall provide cement coverage from the intermediate casing string (9+5/8" first string) to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify intermediate casing cement coverage with a cement bond log. Verify production string (5+1/2" second string) cement coverage from the heel of the horizontal wellbore segment up past the intermediate casing string shoe with a cement bond log.

Best Management Practices

No BMP/COA Type

Description

No BMP/COA Type	Description

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400673388	APD APPROVED
400685302	TOPO MAP
400776820	DEVIATED DRILLING PLAN
400776830	DIRECTIONAL DATA
400792907	MINERAL LEASE MAP
400797717	WELL LOCATION PLAT
400806792	OffsetWellEvaluations Data
400834687	OFFSET WELL EVALUATION
400834688	FORM 2 SUBMITTED

Total Attach: 9 Files

General Comments

User Group	Comment	Comment Date
Permit	Added to mineral lease description the combination of two leases in order to more effectively describe acres covered in BLM Lands as per opr. Final review complete.	4/28/2015 10:00:09 AM
Engineer	Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required. Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 30 feet.	3/13/2015 2:20:10 PM
Permit	Passed completeness.	3/11/2015 3:11:42 PM

Total: 3 comment(s)