



SG INTERESTS I, LTD.

Transmittal of Materials

To:	Mr. Steve Bennett Colorado River Valley Field Office Bureau of Land Management 2300 River Frontage Road Silt, CO 81652	Date:	15 October 2012 (via FedEx)
From:	Eric Sanford Lands and Operations Manager SG Interests I, Ltd 1485 Florida Road Suite C202 Durango, CO 81301	Re:	APD Package For Federal 8-89-7 #1 Natural Gas Well

Enclosed please find the following item(s):

Copies	Item
1	Surface Use Plan Of Operations for Federal 8-89-7 #1
1	Operator Certification
1	Drilling Plan for Federal 8-89-7 #1
1	Application For Permit To Drill (Form 3160-3) for Federal 8-89-7 #1
1	Well Plat Certified by a Registered Surveyor
1	Geospatial Database CD
1	One Check Made Payable To The BLM Check # 146350

Remarks:

Please see enclosed 1 Surface Use Plan Of Operations, 1 Drilling Plan, 1 Application for Permit To Drill (3160-3), 1 Operator Certification with attached maps and drawings. Please do not hesitate to contact me with any questions or requests for information. Thank you.

SG Interests I, Ltd.
1485 Florida Road, Suite C202
Durango, CO 81301
(970) 385-0696

TWELVE POINT SURFACE USE PLAN OF OPERATIONS

Well Name: Federal 8-89-7 #1
Lease Number(s): Location(s):
Surface: COC66693 Sec. 7, T8S R89W, 6thPM
Bottomhole: COC66693 Sec. 7, T8S R89W, 6thPM
Garfield County, CO

SG Interests I, Ltd. intends to drill the above referenced well, using the following plan of operations for the surface use:

Directions to Location:

From Interstate - 70 exit 116 (Glenwood Springs); then follow along (south) on Grand Avenue (Colorado State Highway NO. 82) \pm 1.6 miles. Turn right (west) on 27th Street \pm 0.30 miles through the roundabout onto Midland Avenue, head south and continue on Midland Avenue \pm 1.3 miles to the intersection of Midland Avenue and County Road 117 (4 Mile Road), continue right onto County Road 117 \pm 8.1 miles to National Forest Service Road 300 (AKA CR 117), turn right on National Forest Road 300 \pm 7.3 miles, bear left onto existing access road \pm miles to metal gate, continue (southeasterly) along Federal 8-89-7 existing access road \pm 1.6 miles (see details of upgraded existing road in 2B below), bear left (northeasterly) to the proposed Federal 8-89-7 well pad \pm 250' (**see figures 1A & 1B**).

1. Existing Roads

The existing access road will be maintained to U.S. Forest Service specifications. **Figure 1A** shows the existing access roads and routes to the well in relation to a town, village or other locatable public access point.

Forest System Roads will be maintained as per USDA Forest Service specifications. SG Interests I, Ltd. will obtain a Road Use Permit from the Forest Service and any necessary performance and reclamation bonds as they pertain to roads prior to beginning drilling operations. If any roadwork is required, a work schedule will be submitted to the White River District Ranger before any work is started. The right-of-way width of existing roads will be maintained as they presently exist unless authority to widen is given by the White River District Ranger. Any damage to Forest System Roads, resulting from permittee's use will be repaired immediately. The operator will use water for dust control on Forest System Road 300. All conditions of the Road Use Permit will be followed by SG Interests I, Ltd.

All roads used in conjunction with this project will be maintained in as good or better condition as they were pre-project. SG will consider Gold Book and BLM Best Management Practices when improving or maintaining existing roads. Operations will cease, excepting emergencies, during periods when mud and silt cannot be contained within the road prism, or when construction specification cannot be achieved because of wet or frozen ground conditions. Vehicles will not be towed through the mud.

The operator will schedule heavy traffic periods, such as moving the rig in or out, to take place during the week if possible and not on weekends or holidays. All construction signage will be in compliance with the Manual of Uniform Traffic Control Devices. The operator will post warning signs on County Road 117

(4 Mile Road) and National Forest System Road 300 to alert the public of heavy truck traffic. The operator will use flagmen as necessary during drilling and related equipment moves on and off the drill site when utilizing public roads.

2. New or Reconstructed Access Roads

Figures 1A, 1B, 1C & 1D shows the new access road and route to the well in relation to a town, village or other locatable public access point.

- A. **New Well Access Road:** The proposed development will primarily utilize an existing improved Forest System Road, NFSR 300. One (1) new access road is proposed and will be constructed and maintained using the same design standards as the existing Forest System Roads. Total new road construction within the proposed project is limited to approximately 250' long x 30' wide. Road gradient will be maintained at grades of 2.87% for the majority of the proposed area. Turnouts will not be necessary along the roadway for this project. In flat areas, 3:1 (horizontal to vertical) cut ditches will provide drainage on both sides of the road. If necessary, energy dissipaters, such as cobble, will be placed within the ditch to retard water velocities. As necessary, water bars or dips will be installed to allow drainage to pass across the road in a controlled fashion. Frequency of bars and dips will be determined using site specific criteria.
- B. **Reconstructed Access Road:** A portion of the existing graded Forest Service Road, which is located off of Forest Service System Road 300, will require reconstruction. The existing road to be reconstructed is approximately 1.6 miles (8,448 ft.) in length (**see figures 1A, 1B & 1C**). The following reconstructive measures will be implemented:
 - 1. All culverts shall have flared end sections or rock inlet and outlet protection.
 - 2. All existing culverts shall be extended, cleaned-out, and repaired if necessary.
 - 3. Catchment basins with rock armored outfalls as appropriate will be constructed at the culvert ends.
 - 4. The culvert diameter will be 18" constructed of corrugated metal.
- C. **Erosion and Stormwater Control:** All construction will require erosion and stormwater control structures. A stormwater permit is to be obtained from the Colorado Department of Public Health and Environment's (CDPHE) Water Quality Control Division. Structures will be designed to minimize run-on and run-off events. Primarily berms, silt fencing, and ditches will be utilized. A detention pond will be installed on the west side of the pad, which will be sized based on field conditions post construction. All roads will have side barrow ditches or a single inside ditch for side hill sections. The well site plat includes the BMP's to be utilized for site specific concerns. The preferred treatment for fill slope, disturbed areas, and runoff control will be promptly seeding and revegetating the slopes and disturbed areas. Seed mixes are per surface Forest Service direction and are weed free. Cattle guards/fence cuts will be installed as per the Forest Service instruction. Culverts will be placed or upgraded as required by the Forest Service agency. Culverts will be designed for a minimum 25-year storm frequency with an allowable head that does not overlap the roadway or cause damage. The culvert diameter will be 18" constructed of corrugated metal (**see figures 2A & 2B**).
- D. **Topsoil removed from the new well access road area** will be separated and stored with the topsoil that was salvaged from the well pad area. The cut and fill areas resulting from creation of a level driving surface will be reclaimed as quickly as possible by returning topsoil to these areas and seeding them. Where practicable, SG Interests I, Ltd. will scatter woody vegetation over disturbed surfaces during reclamation to serve as mulch and to stabilize the surface.

- E. Dust Mitigation: During the course of work there may be periods of inclement weather which may have an effect on the control of dust on and off the well site. This could be due to long dry spells or periods of strong winds or both. If the above or similar conditions are encountered and have an effect on air quality SG Interests I, Ltd. will apply water to disturbed areas as necessary to suppress dust.

3. Locations of Existing Wells

Figure 3 shows the known gas/oil/water injection, disposal, drilling wells within a one-mile radius of the proposed Federal 8-89-7 #1 well site. No wells are known to exist within a one-mile radius.

4. Location of Proposed Facilities

Figure 4 shows the locations of the proposed facilities and lines likely to be installed, located either on or off the well pad, to the extent known or anticipated.

- A. Aboveground facilities on site will include the piping and valves at the well head. There will be an enclosed gas/water separator for each well on the pad that will include gas and water meters, heaters and a fuel gas pot. Dimensions of the separator are approximately 11' ft wide x 20' ft long x 10' ft high. Four 400-BBL tanks will be located on the well pad. These measure approximately 12' wide and 20' high. Tanks have heaters that are used during cold weather conditions. Artificial lift may be needed for the Federal 8-89-7 #1 well on this location during the life of the well. Examples of lift include a 40 hp walking beam or other pumping unit may be used. Beam lifts are approximately 7 ½' wide x 29' long x 20' high and are located approximately four feet away from the well head. A compressor may be needed on a well during its lifetime. Compressor skids are approximately 14' wide x 20' long x 9' high. Compressor horsepower is decided based on specific well conditions. Compressor engines will be permitted as appropriate through the Air Quality Control Division of the Colorado Department of Public Health and Environment. Possible water transfer pump would be a 20 horsepower natural gas motor with piping and meter enclosed in a shed 6' wide by 12' long by 8' high.
- B. Off the well pad. Both a gas line (up to 12" in diameter) and water line (up to 8" in diameter) are planned for the well site and are anticipated to connect to future wells and ultimately to a gathering system. Both lines will be installed side-by-side in a trench, which will contour the access roads. Cathodic protection will be installed to protect metallic structures in various environments of the pipe line and the pipelines.
- C. All permanent structures will be painted to blend in with the surrounding landscape. A flat, non-reflective color specified by the Forest Service will be used. All facilities will be painted within 6 months of installation.

5. Location and Type of Water Supply (subject to change if economic or logistical considerations warrant)

Water to be used during drilling and completion operations will be delivered to the location via water truck by either CASECO LLC. (1010 HWY 141, Whitewater, CO 8157), Screamin Eagle Trucking (32597 Highway 6 Silt, CO 81562) or a similar commercially available source.

Drilling activities for the #1 well will require 3,000 BBL of fresh water. Recycled water will not be used in the drilling operations. Approximately 5,000 BBL of fresh water is needed for each well completion stage per well. This requires 63 round trips with an 80 BBL water truck. SG will use two or three water trucks to haul the water; approximately 21 round trips for each of three trucks. An estimated 80% of this water (4,000 BBL) flows back immediately and must be hauled off the location. Hauling flowback water requires 50 round trips with 80 BBL water trucks. If SG uses three trucks, each truck makes about 17 round trips to haul the water to disposal. The well may be completed in multiple zones or stages, depending on well log information acquired during the drilling of each well. If the well log information

from the sandstone formation is favorable, only one completion stage will occur. If the well logs are not favorable for the sandstone formation, the well will be completed in the coal formation and an additional 5,000 BBL of fresh water will be required.

No new roads to access a water source or water wells will be constructed for this project.

6. Construction Materials (subject to change if economic or logistical considerations warrant)

The well pad will be constructed from soils on site. The disturbed area for the pad during construction will be approximately three acres. Topsoil will be salvaged and stored adjacent to the well pad. The top eight (8") inches of this soil will be salvaged for use over the reclaimed areas. The rest of the soil that is manipulated for this project will be considered subsoil and if stored on site, it will be stored separately from topsoil. Some topsoil will be used to reclaim areas around the level pad disturbed during construction, but not needed for long-term operations. The area of the level well pad will be approximately 2.15 acres following interim reclamation. It may be necessary to add gravel to the road and well pad to support the expected drilling traffic. This gravel will be according to USDA-Forest Service specifications. The most likely source of gravel will be Western Slope Aggregates (406 County Road 104, Carbondale, CO 81623) or a similar commercially available source. Other sources may be used depending on the requirements and circumstances at the time the gravel is needed.

7. Methods of Handling Waste Materials

- A. Cuttings: Cuttings and pit liners will be disposed of at a permitted disposal facility. Pit liners are removed following removal of the dry cuttings. They are disposed of at a solid waste disposal facility. Soil testing under the removed liner area will be conducted prior to backfilling the pit area according to the Colorado Oil & Gas Conservation Commission's 900 series rules.
- B. Garbage: The location and access roads will be kept orderly and as clean as practicable at all times. All garbage and trash will be put in a trash container. The container will be periodically emptied at an approved disposal site. A portable latrine will be provided for human wastes, and wastes will be pumped from portable toilets and hauled to an approved sanitation facility. Sewage will not be buried on location.
- C. Salts: No salts are anticipated on this well location.
- D. Chemicals: Material Safety Data Sheets (MSDS) for all chemicals and hazardous materials that are used during the drilling, completion, and producing operations will be maintained as per 29 CFR 1910.1200(g). Any petroleum product or other spills will be cleaned up immediately and the material will be hauled to an approved facility. The operator will prevent gasoline, diesel fuel, oil, grease, or any other petroleum products and drilling fluids from migrating off the location or from entering any live stream or riparian area. A spill kit will be available on site during completion and drilling operations. Fuels and lubricants will be transported by fuels distributors and will be stored in facilities specifically designed for that purpose.
- E. Drilling Fluids: Disposed of at a permitted commercial disposal facility.
- F. Oil or Water Recovered: Free water may be hauled to an approved disposal facility to facilitate drying of pits. If fluids must be removed from drilling pits, vacuum trucks will remove these fluids so that the pit liner will not be damaged with heavy equipment. These fluids will likely be trucked and disposed of at a commercial disposal facility.
- G. Reserve pit liner: Pits will be lined with an impervious liner. This liner will have a minimum thickness of twenty-four (24) mils. The liner will cover the bottom and interior sides of the pit with the edges secured with at least a twelve (12) inch deep anchor trench around the pit perimeter.

The anchor trench will be designed to secure and prevent slippage or damage to the liner materials. The area under the pit over which the liner is laid will be free of rocks and other objects that could puncture the liner. A minimum of two feet of free board will be maintained between the maximum fluid level and the top of the pits. The pits will be designed to exclude all surface runoff and will be constructed in the cut portion of the well pad. Back slopes will be 2:1 or less. The lined reserve pit or cuttings pit will be fenced on three sides with woven wire during drilling operations and the fourth side fenced immediately after the rig has been moved off location. Fencing will be 6' to 8' in height to prevent deer and elk as well as other wildlife from entering the pit. After the rig has been moved off location, bird netting will be placed over the pit to prevent birds from entering the pit area. The pit will remain fenced until it has dried enough to be backfilled.

H. Sewage: Portable, self contained chemical toilets will be provided for human waste disposal.

The well site cleanup will be concluded once the well completion operations have been finished.

8. Ancillary Facilities

- A. The SG Interests' Federal 8-89-7 #1 well site may require a staging area for construction materials (e.g. gravel and piping), but we do not anticipate the need to maintain permanent storage on the site in conjunction with drilling operations at this time. A portion of the newly proposed well access road will be extended by 50' wide x 150' long to accommodate the storage of construction materials used during the development of the well pad. The proposed staging area will be situated upslope and adjacent to the access road. The staging area will be constructed from soils on-site to create a level surface. The level staging area surface will be graveled with three (3") inches of pit-run gravel (**see figure 5**).
- B. All areas that are disturbed during the construction of the staging area will be covered under SG Interests' stormwater management plan. SG's plan to control runoff will include silt fencing/straw waddles, outfall protection, clean water, containment ditches and road side ditches.
- C. Once the staging area is no longer needed, it will undergo reclamation. The staging area will be returned to near original contour and gravel will be removed. Topsoil will be spread over the area and it will be reseeded.
- D. No camps or airstrips are planned at this time.

9. Well Site Layout – Proposed if the Well is Productive

Figures 6A, 6B, 6C, 6D & 6E show the location and orientation of the proposed drill pad, reserve pit location, access road entry points with respect to the topographic features and with cross section diagrams of the drill pad, the reserve pit showing all cuts and fills in relationship to the topography, the drilling rig, all dikes and ditches to be constructed, and the topsoil and/or spoil material stockpiles.

The initial construction area of the well pad is approximately 2.8 acres, which includes the cut/fill area. The shape of the well pad following interim reclamation is shown on the well site layout. Temporary facilities on the typical well pad may include a total of three trailers during drilling operations for the drilling superintendent, the company representative, and the mud logger and mud engineer. If a closed loop system is employed, several cuttings bins will likely be used rather than a cuttings pit. The cuttings bin is a trailer container that holds cuttings aboveground until the trailer is hauled to an approved cuttings disposal area. These temporary facilities will be used 24 hours per day during drilling operations. No trailers will be needed during the completion or testing phases as these are daylight operations.

SG Interests plans to drill one (1) well, and potentially three (3) other wells in the future on the well pad. The estimated lifespan of the gas wells is approximately 30 to 40 years.

SG Interests will utilize the "flare stacked" method for flaring. SG will run a line to the edge of the pad. This line will be directed straight up 15'-20' from the surface of the pad once it reaches the edge of the pad. The flare will reach 5' to 10' from the end of the line. The flaring of gas does not create sparking and is thus not a fire risk to surrounding vegetation so long as the flare is a reasonable distance from combustible vegetation. Flaring into a pit or side cut is not practical on a location of this size. Gas must be flared at a safe distance from the rig and crew. Flaring horizontally into a pit or side cut near the rig creates the risk of gas accumulations near the crew and equipment, increasing the dangers flaring is intended to mitigate.

10. Plan for Reclamation of the Surface

General

Reclamation activities and standards on this well location will be guided by the BLM Gold Book, White River National Forest Plan Standards, and the Forest Service Manual 2840. Effective reclamation begins with wise planning, and strict adherence to construction and disturbance guidelines. It is concluded with measurable immediate, interim and long-term resource protection and reclamation efforts. SG Interests I, Ltd. in consultation with the Forest Service, will prepare a reclamation plan in order to effectively manage the reclamation of Forest System lands disturbed by SG Interests' development activities. SG Interests' reclamation goals are to:

- A. SG assumes responsibility for reclaiming all new roads that are no longer needed for its ongoing operations. Existing roads will be turned over to the appropriate authority in a state of good repair. SG will protect the resources from unauthorized road use. Reclamation of the road/well pad will be performed in accordance with the Forest Service. The new access road constructed for this project will be obliterated when it is no longer needed for this project. Seed mix will be appropriate to the area reclaimed as directed by the Forest Service.
- B. Interim reclamation will be conducted on areas not required for ongoing production operations in accordance with the Forest Service's Directions.
 - 1. Slopes will be at 3:1 or flatter unless limited by site constraints.
 - 2. Corners and slope changes will be uniformly placed over the area to be reseeded.
 - 3. The topsoil stockpile will be uniformly placed over the area to be reseeded.
 - 4. Reseeding of the site will be conducted using a seed mixture appropriate to the area reclaimed as directed by the surface management agency.
- C. A stormwater management plan will be developed for this well site. Stormwater management practices will be utilized as appropriate and will be identified in the stormwater management plan.
- D. SG is committed to preventing the introduction of noxious weeds during construction and controlling the expansion of existing noxious weed populations over the life of the project. All noxious weeds as defined by Garfield County, BLM, and the state of Colorado (Colorado Weed Management Act CRS Title 35, Article 5.5 as amended) will be controlled. The purpose of this weed plan is to prescribe methods to treat existing weed infestations, prevent introduction and spread of infestations during construction, and monitor and treat infestations after construction is complete. The following preventative measures will be implemented to prevent the spread of noxious weeds:
 - 1. If soil stockpiles are created in infested areas, these stockpiles will be kept as close as possible to the infested areas. No soil from infested areas will be moved until they are treated. Soil from an infested area will not be used in any other area beside where it was collected.

2. Vehicles and equipment will be required to arrive at the work site clean, power-washed, and free of soil and vegetative debris capable of transporting weed seeds or other propagules.
 3. Materials used for erosion control and reclamation (i.e. straw bales and seed mixes) will be obtained from sources that are weed free.
 4. Disturbed areas will be reseeded in accordance with the Forest Service and any applicable permit stipulations as soon as possible after construction activities have been completed.
 5. Depending upon the species of weed and the time planned for construction, methods of weed pre-treatment may include:
 1. Mechanical—mowing, pulling by hand or tillage could be used.
 2. Chemical—application of an approved herbicide by a licensed applicator. Herbicides will be selected based on recommendations by local weed control district or BLM/FS. All herbicides will be applied in accordance with all applicable laws and regulations.
 3. Cultural – employing practices such as reseeding with non-invasive species that can outcompete noxious species. This type of treatment will be conducted in some fashion on all disturbed areas associated with the project.
- E. Well Plugging and Abandonment: SG will submit a Notice of Intent to Abandon (NIA) and await approval from the Forest Service. In the case of emergency, newly drilled dry holes, and failures, SG will request oral approval from the Forest Service subject to written confirmation. SG will notify the Forest Service prior to plugging operations in order to allow for approval and witnessing of the operations.
- F. Pit Reclamation:
1. SG will first ensure that all pits are dry and in a safe and stable condition. Second, SG will reclaim pits to blend naturally with surrounding pad area. All pits will have had a 24 mil (or greater) thick synthetic liner in place. The pits will not be trenched (cut) or filled (squeezed). SG will ensure pits are free of oil and other liquid and solid wastes and allow pits to dry, pump them dry, or solidify them in-situ. SG will use a vacuum truck, not heavy equipment, to remove wet contents from the pit to ensure that no punctures are made in the liner.
 2. Once dry, SG will remove the pit liner to the solids level. The pit will be backfilled, and slightly mounded to allow for positive drainage and settling with at least 36" of fill for cover. Prior to backfilling, SG will ensure that there is not a concentration of non-exempt hazardous substances in the reserve pit. Concentrations will not exceed standards of CERCLA, RCRA, or COGCC standards for such oil and gas field standards. All testing procedures and test results will be provided to the USFS. Any hazardous substances or contaminated soils will be removed, reused in drilling operations or disposed of in accordance with applicable federal, state, and local regulations.
- G. Monitoring: SG will monitor interim and final reclamation progress (including roads and vegetation) through:
1. Conducting compliance and effectiveness monitoring in accordance with the USFS approved monitoring protocol.
 2. Evaluate monitoring data for compliance with the reclamation plan.
 3. Document and report monitoring data and revised reclamation strategies as needed.
 4. Implement revised reclamation strategies as needed.

5. Repeat the process of monitoring, evaluating, documenting/reporting, and implementing, until reclamation goals are achieved.

11. Surface Ownership

The following is a list of the surface ownership of the well location, as well as all lands crossed by roads that SG Interests plans to construct or upgrade:

Name of Surface Owner	Address of Surface Owner	Phone Number	Type: Surface or Road Name/No
USDA Forest Service White River National Forest	900 Grand Ave. Glenwood Springs, CO 81601	970-945-2521	Surface Forest Service Road 300 Non system roads in sections 2a - 2b.

12. Other Information

Firearms and dogs are not allowed on the access road or location during any phase of this project. The drilling crew will have sufficient fire equipment on hand during fire season for suppressing fires on the well pad or access road.

Certification

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 USC 1001 for the filing of false statements.



Executed this 15th day of October, 2012.

Eric Sanford, Operations & Land Manager
SG Interests I, Ltd.
1485 Florida Road, Suite C202, Durango, CO 81301
Phone: 970-385-0696,
Email: esanford@sginterests.com

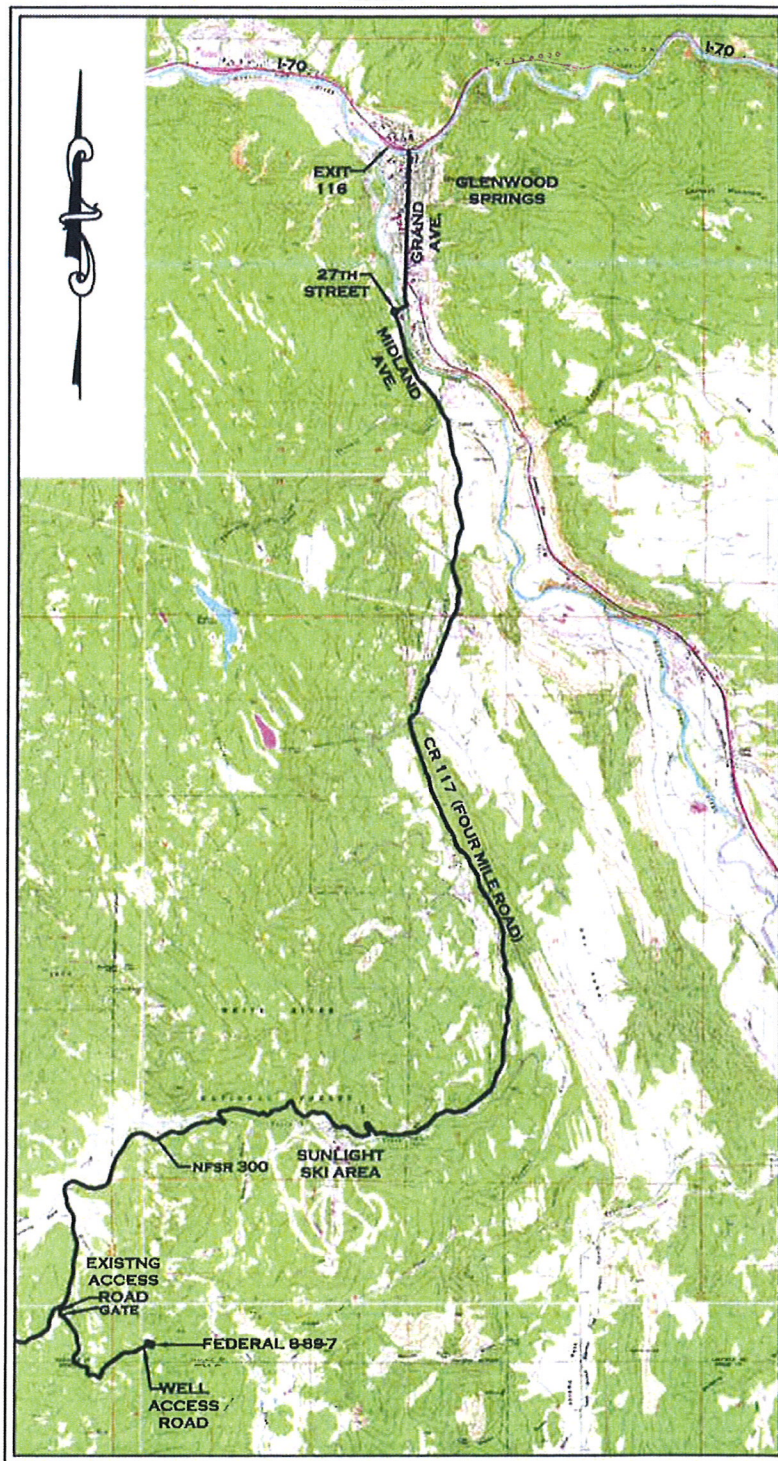
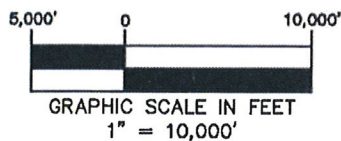
SG INTEREST I, LTD.

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.
COUNTY OF GARFIELD, STATE OF COLORADO

ACCESS DESCRIPTION

FROM INTERSTATE - 70 EXIT 116
(GLENWOOD SPRINGS); THEN FOLLOW
ALONG (SOUTH) ON GRAND AVENUE
(COLORADO STATE HIGHWAY NO. 82)
 ± 1.6 MILES, THEN TURN RIGHT (WEST)
ON 27TH STREET ± 0.30 MILES
THROUGH THE ROUNDABOUT ONTO
MIDLAND AVENUE, HEAD SOUTH AND
CONTINUE ON MIDLAND AVENUE ± 1.3
MILES TO THE INTERSECTION OF
MIDLAND AVE. AND COUNTY ROAD 117
(4 MILE ROAD), CONTINUE RIGHT ONTO
COUNTY ROAD 117 ± 8.1 MILES TO
NATIONAL FOREST SERVICE ROAD 300
(AKA CR 117), TURN RIGHT ON
NATIONAL FOREST SERVICE ROAD 300
 ± 7.2 MILES, BEAR LEFT ONTO EXISTING
ACCESS ROAD ± 0.2 MILES TO METAL
GATE, CONTINUE (SOUTHEASTERLY)
ALONG FEDERAL 8-89-7 EXISTING
ACCESS ROAD ± 1.6 MILES, BEAR LEFT
(NORTHEASTERLY) TO WELL PAD
FEDERAL 8-89-7 $\pm 250'$.



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-8676
FAX (970) 945-2555
WWW.HCENG.COM

DRAWN BY:
RPK/CAS

SCALE:
N/A

CHECKED BY:

PROJECT NO:
2121655.04

DATE:
AUGUST 13, 2012

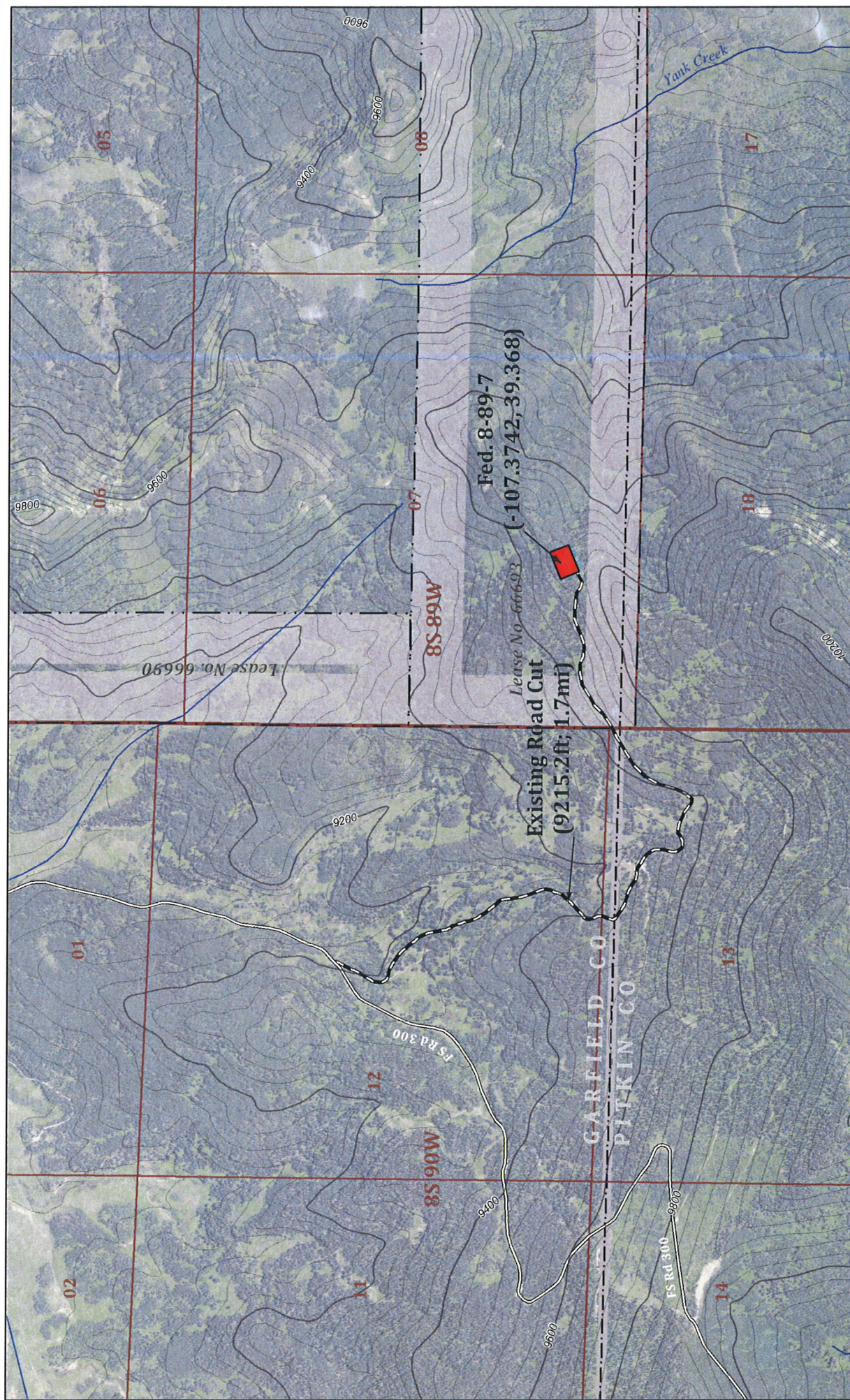
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WELL LOCATION PLAT
PREPARED FOR:

SG INTERESTS I, LTD.

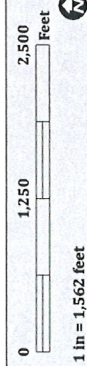
FEDERAL 8-89-7 #1

Figure 1A



Lake Ridge Unit Area Well Pad Locations

Federal 8-89-7 #1



Prepared for SG Interests, Inc.
by TerraCognito GIS, Inc.
July 2012

Disclaimer: This product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

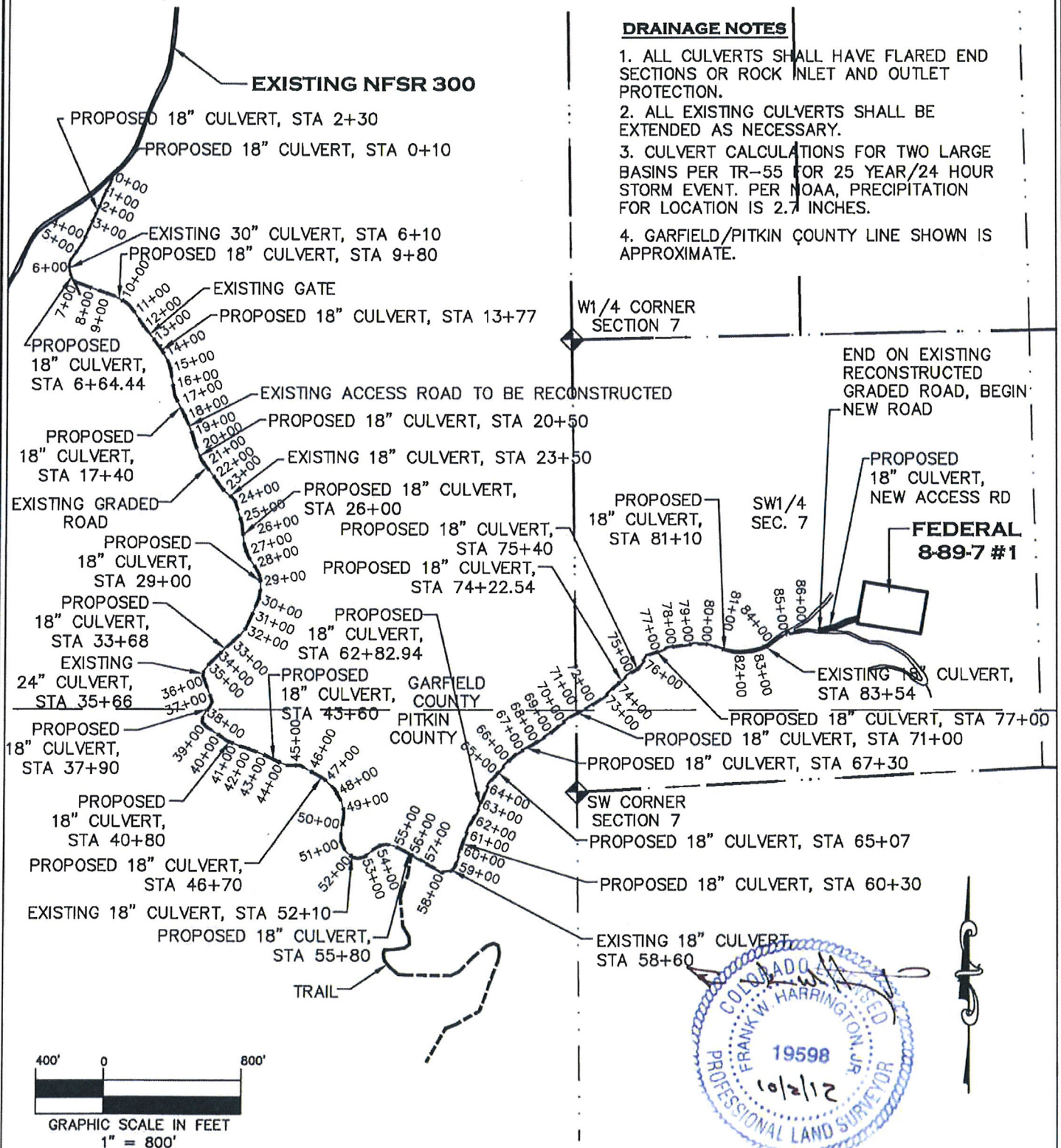
Figure 1B

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

DRAINAGE NOTES

1. ALL CULVERTS SHALL HAVE FLARED END SECTIONS OR ROCK INLET AND OUTLET PROTECTION.
2. ALL EXISTING CULVERTS SHALL BE EXTENDED AS NECESSARY.
3. CULVERT CALCULATIONS FOR TWO LARGE BASINS PER TR-55 FOR 25 YEAR/24 HOUR STORM EVENT. PER NOAA, PRECIPITATION FOR LOCATION IS 2.7 INCHES.
4. GARFIELD/PITKIN COUNTY LINE SHOWN IS APPROXIMATE.



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-8676
FAX (970) 945-2555
WWW.HCENG.COM

DRAWN BY: RPK/CAS
CHECKED BY: FWH
DATE: AUGUST 13, 2012
FILE: J:/SDSKPROJ/212/1655-04/DWG/1655.04.DWG

SCALE: 1" = 800'
PROJECT NO: 2121655.04

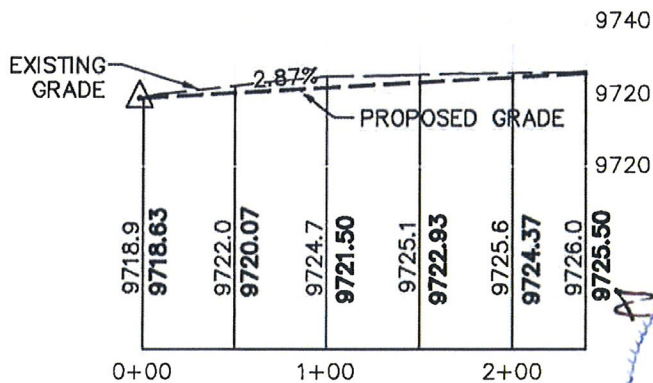
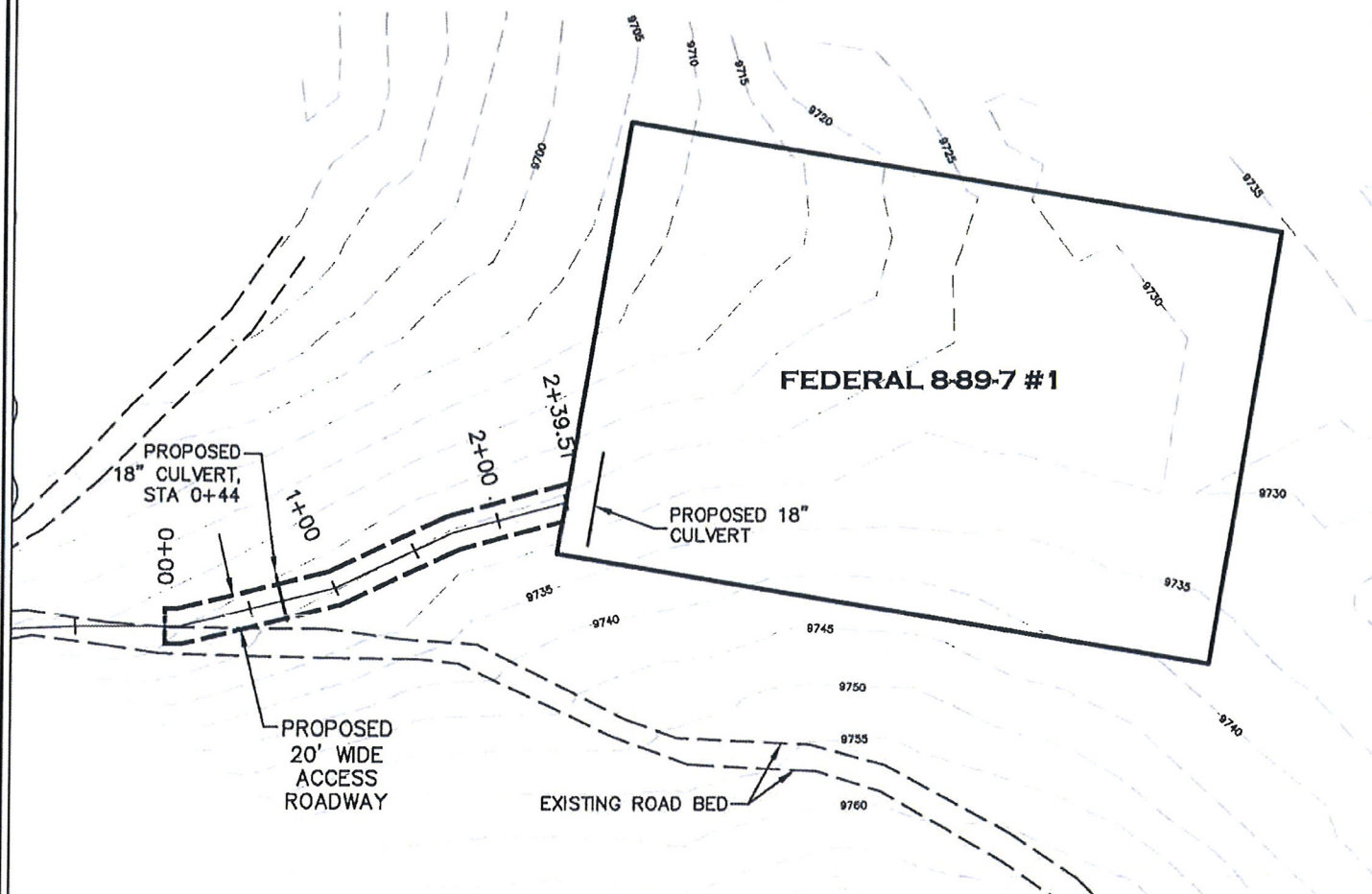
WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-7 #1
EXISTING, RECONSTRUCTED
AND NEW ACCESS ROAD PLAN

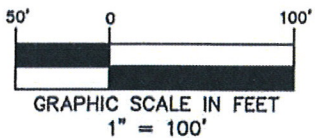
Figure 1C

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



ACCESS ROAD PROFILE



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
PHONE (970) 945-8676
FAX (970) 945-2555
WWW.HCENG.COM

DRAWN BY: RPK/CAS	SCALE: N/A
CHECKED BY: FWH	PROJECT NO: 2121655.04
DATE: AUGUST 13, 2012	
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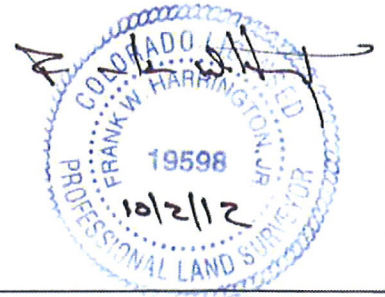
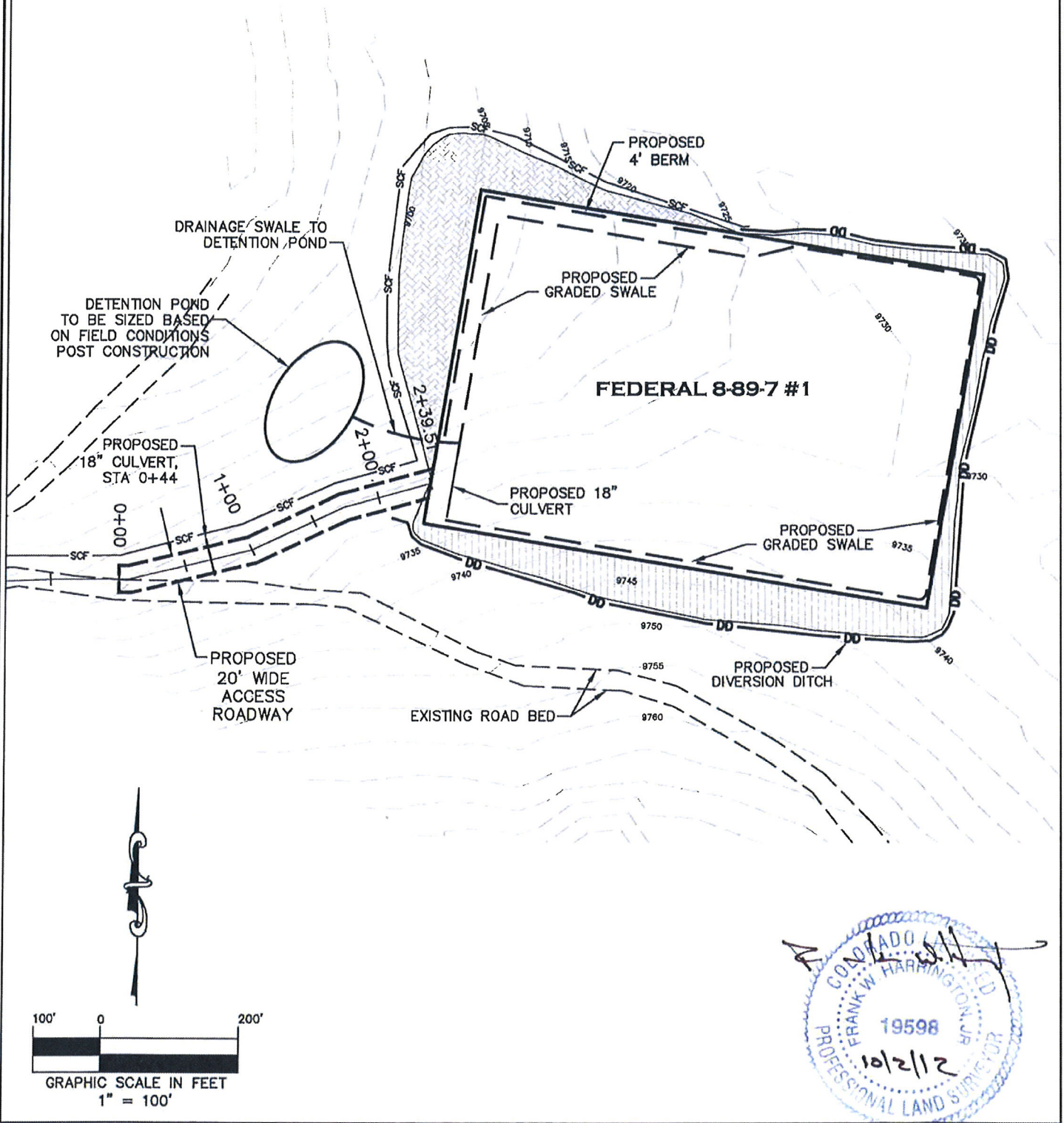
WELL LOCATION FLAT
PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-7 #1
NEW ACCESS ROAD PLAN & PROFILE

Figure 1D

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



HIGH COUNTRY ENGINEERING, INC.



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FAX (970) 945-2555

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DRAWN BY:
RPK/CAS

CHECKED BY:
FWH

DATE:
AUGUST 13, 2012

FILE:
J:\SDSKPROJ\212\1655-04\DWG\1655.04.DWG

SCALE:

1" = 100'

PROJECT NO:

2121655.04

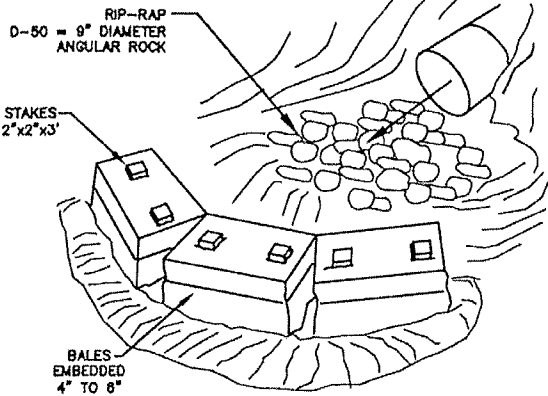
WELL LOCATION PLAT
PREPARED FOR: **SG INTERESTS I, LTD.**

FEDERAL 8-89-7 #1
BEST MANAGEMENT PRACTICES LAYOUT

Figure 2A

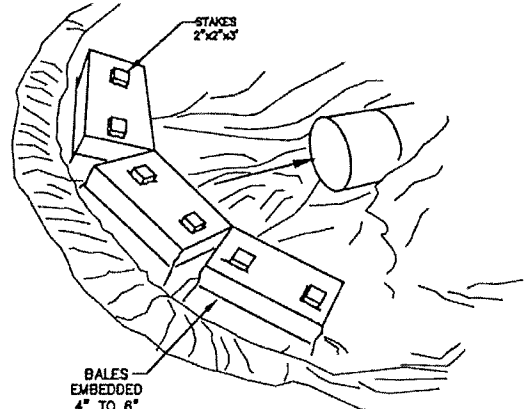
FEDERAL 8-89-7 #1

SW 1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



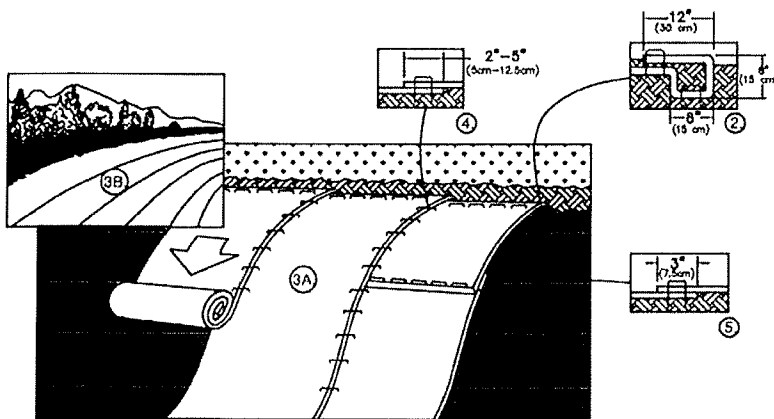
CULVERT OUTLET PROTECTION

N.T.S.



CULVERT INLET PROTECTION

N.T.S.

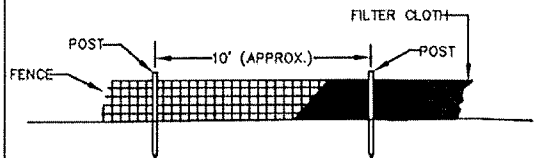
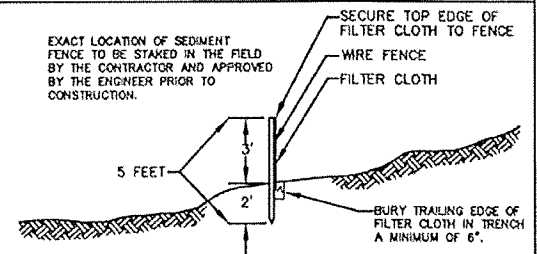


1. APPLY TO ALL NEWLY CUT/FILL SLOPES STEEPER THAN 2:1.
2. WITH APPROXIMATELY 12" (30cm) OF BLANKET EXTENDED BEYOND THE UP-SLOPE PORTION OF THE TRENCH. ANCHOR THE BLANKET WITH A ROW OF STAPLES/STAKES APPROXIMATELY 12" (30cm) APART IN THE BOTTOM OF THE TRENCH. BACKFILL AND COMPACT THE TRENCH AFTER STAPLING. APPLY SEED TO COMPACTED SOIL AND FOLD REMAINING 12" (30cm) PORTION OF BLANKET BACK OVER SEED AND COMPACTED SOIL. SECURE BLANKET OVER COMPACTED SOIL WITH A ROW OF STAPLES/STAKES SPACED APPROXIMATELY 12" (30cm) APART ACROSS THE WIDTH OF THE BLANKET.
3. ROLL THE BLANKETS (A) DOWN OR (B) HORIZONTALLY ACROSS THE SLOPE. BLANKETS WILL UNROLL WITH APPROPRIATE SIDE AGAINST THE SOIL SURFACE. ALL BLANKETS MUST BE SECURELY FASTENED TO SOIL SURFACE BY PLACING STAPLES/STAKES IN APPROPRIATE LOCATIONS AS SHOWN IN THE STAPLE PATTERN GUIDE. WHEN USING OPTIONAL DOT SYSTEM, STAPLES/STAKES SHOULD BE PLACED THROUGH EACH OF THE COLORED DOTS CORRESPONDING TO THE APPROPRIATE STAPLE PATTERN.
4. THE EDGES OF PARALLEL BLANKETS MUST BE STAPLED WITH APPROXIMATELY 2"-5" (5cm-12.5cm) OVERLAP DEPENDING ON BLANKET TYPE. TO ENSURE PROPER SEAM ALIGNMENT, PLACE THE EDGE OF THE OVERLAPPING BLANKET (BLANKET BEING INSTALLED ON TOP) EVEN WITH THE COLORED SEAM STITCH ON THE PREVIOUSLY INSTALLED BLANKET.
5. CONSECUTIVE BLANKETS SPUN DOWN THE SLOPE MUST BE PLACED END OVER END (SHINGLE STYLE) WITH AN APPROXIMATE 3" (7.5cm) OVERLAP. STAPLE THROUGH OVERLAPPED AREA, APPROXIMATELY 12" (30cm) APART ACROSS ENTIRE.
6. IN LOOSE SOIL CONDITIONS, THE USE OF STAPLE OR STAKE LENGTHS GREATER THAN 6" (15cm) MAY BE NECESSARY.

EROSION CONTROL BLANKET DETAIL

LEGEND

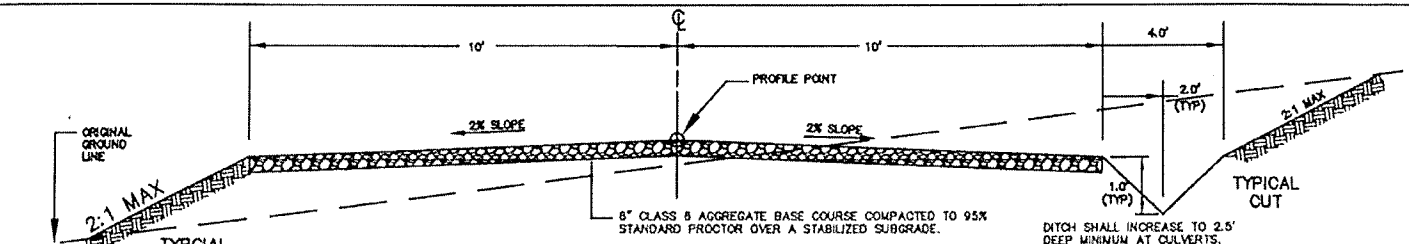
PROPOSED CULVERT	— 80 —
PROPOSED SILT CONTROL FENCE	— 90F —
PROPOSED DIVERSION DITCH OR BERM	— DD —
PROPOSED INLET PROTECTION	IP
PROPOSED OUTLET PROTECTION	OP



MATERIALS FOR FILTER CLOTH FENCE SHALL CONSIST OF STANDARD WOVEN LIVE-STOCK WIRE, A MINIMUM OF 36" IN HEIGHT, A MINIMUM OF 14-GAGE WIRE, WITH A MAXIMUM MESH SPACING OF 6". POSTS SHALL BE EITHER WOOD OR STEEL, MINIMUM LENGTH OF 5'.

SEDIMENT CONTROL FENCE

N.T.S.



TYPICAL ROAD SECTION

N.T.S.

HIGH COUNTRY ENGINEERING, INC.



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CHECKED BY: FWH PROJECT NO: 2121655.04
DATE: AUGUST 13, 2012
FILE: J:/SDSKPROJ/212/1655-04/DWG/1655.04.DWG

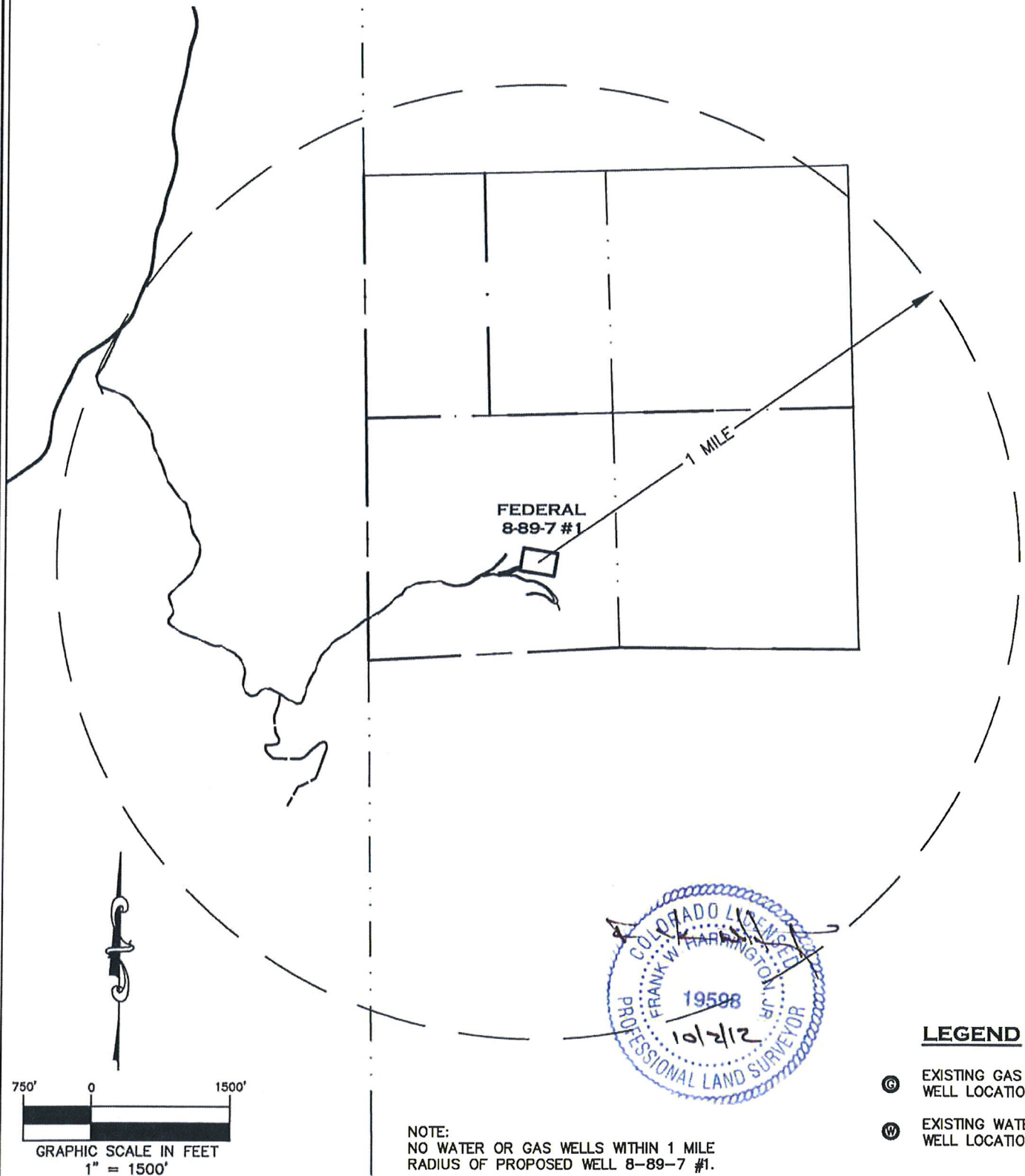
WELL LOCATION PLAT PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-7 #1
BEST MANAGEMENT PRACTICES
DETAILS

Figure 2B

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



HIGH COUNTRY ENGINEERING, INC.



1517 BLAKE AVENUE, STE 101
GLENWOOD SPRINGS, CO 81601
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DRAWN BY:
RPK/CAS

SCALE:
1" = 200'

CHECKED BY:
FWH

PROJECT NO:
2121655.04

DATE:
AUGUST 13, 2012

FILE:
J:/SDSKPROJ/212/1655-04/DWG/1655.04.DWG

WELL LOCATION PLAT
PREPARED FOR:

SG INTERESTS I, LTD.

**FEDERAL 8-89-7 #1
ADJACENT WATER WELL MAP**

Figure 3

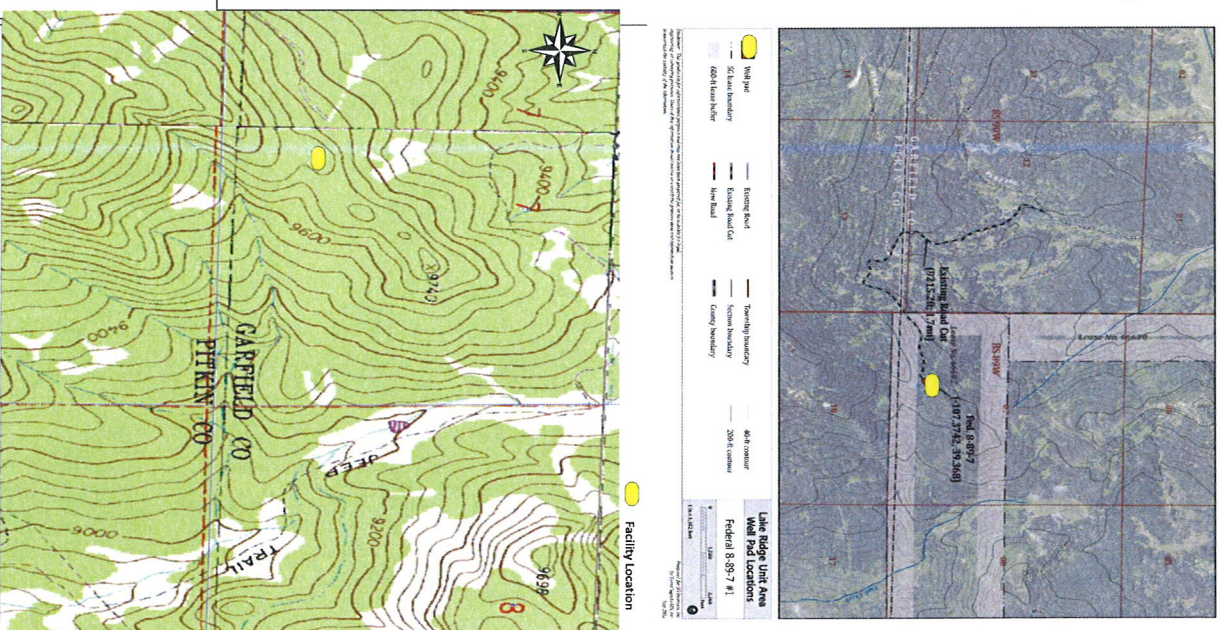


Figure 4

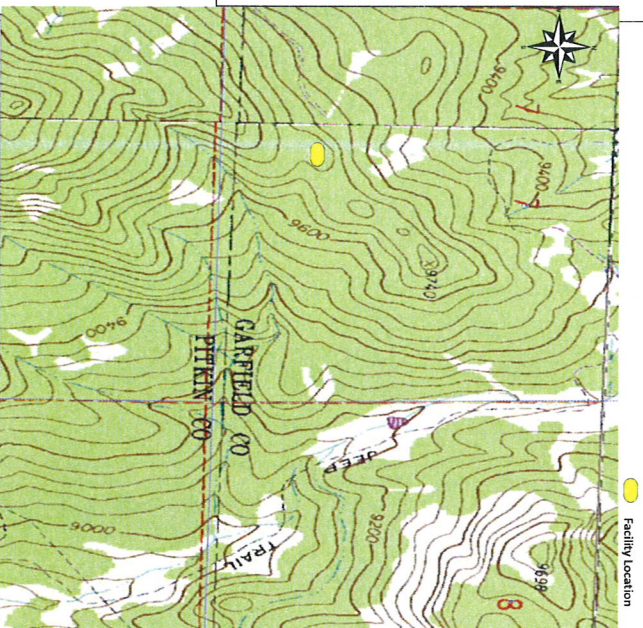
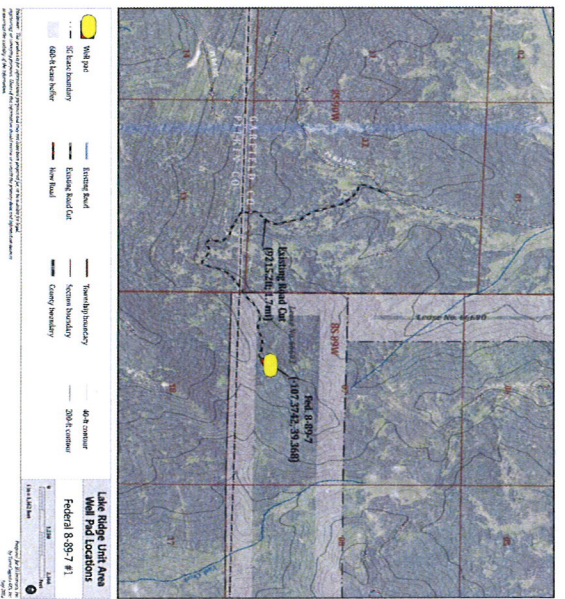
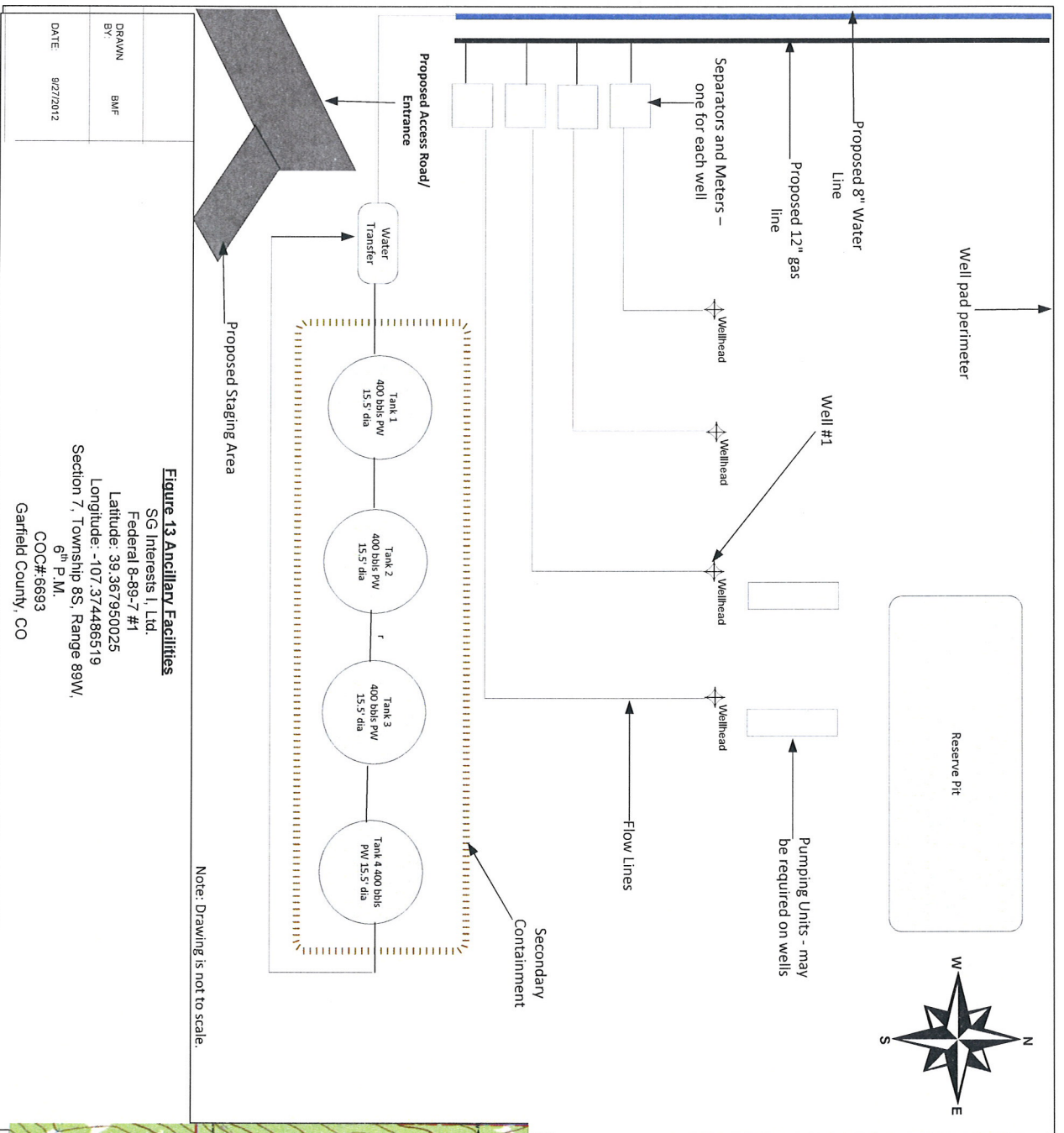


Figure 5

FEDERAL 8-89-7 #1
SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST, 6TH P.M.

FEDERAL 8-89-7
GARFIELD COUNTY
COLORADO

WELL NO. 1
 989.9' FSL
 1868.7' FWL

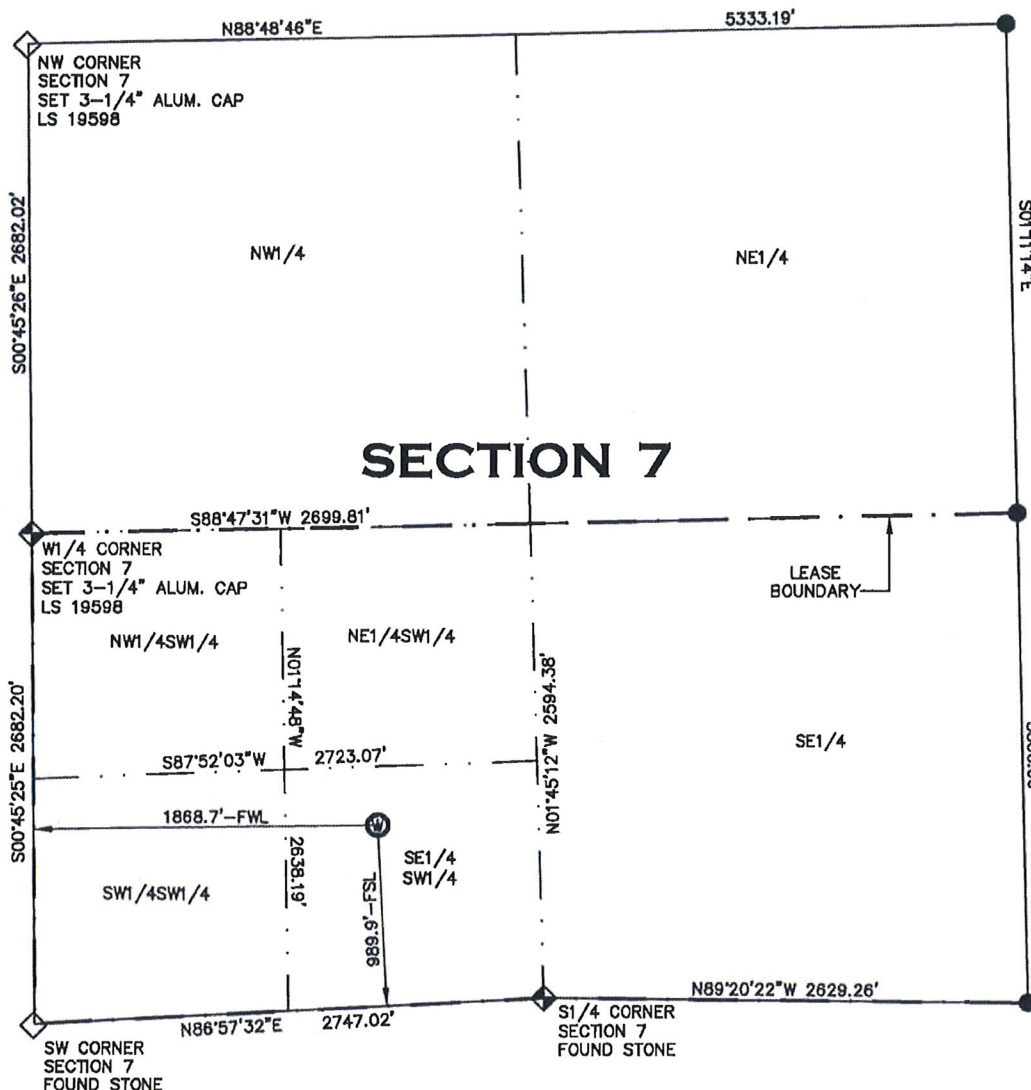
UTM ZONE 13
NORTHING
 4360299.081
EASTING
 295446.654

GROUND EL: 9728.5
PAD EL: 9726.0

NAD83
 LAT: 39.367950025
 LONG: 107.374486519
NAD27
 LAT: 39.367967916
 LONG: 107.373877902

LEGEND

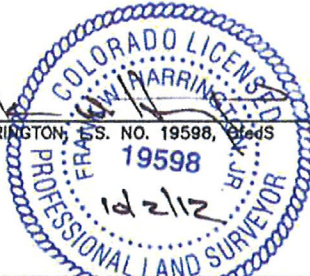
- ⊙ PROPOSED WELL LOCATION
- ◇ FIELD SURVEYED SECTION CORNER
- ◆ FIELD SURVEYED QUARTER CORNER
- CALCULATED SECTION CORNER LOCATION
- △ PROPOSED BOTTOM OF WELL LOCATION



SURVEYOR'S STATEMENT

I, FRANK W. HARRINGTON, DO HEREBY STATE THAT THIS SURVEY WAS PREPARED BY HIGH COUNTRY ENGINEERING, INC. FOR SG INTERESTS I, LTD., THAT SAID SURVEY WAS PREPARED BY ME OR UNDER MY SUPERVISION AND RESPONSIBLE CHARGE AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY BELIEF AND KNOWLEDGE.

BY FRANK W. HARRINGTON, S.S. NO. 19598, State of Colorado



GRAPHIC SCALE IN FEET
 1" = 1000'

NOTES:

- LATITUDES AND LONGITUDES ARE BASED ON NAD83, NGS CONTROL POINTS "ROSEBUD", "Q 158" AND "N 158".
- ELEVATION BASED ON NAVD OF 1988.
- WELL MEASUREMENTS ARE 90° FROM SECTION LINES.
- USGS QUADRANGLE MAP "STONY RIDGE".
- CURRENT SURFACE LAND USE: U.S. PUBLIC LANDS.
- PDOP AT THE TIME OF THE LOCATION OF SURFACE WELL = 1.9.
- DATE OF FIELD WORK, AUGUST 13, 2012.

HIGH COUNTRY ENGINEERING, INC.



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 GLENWOOD SPRINGS, CO 81601
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 FAX (970) 945-2555
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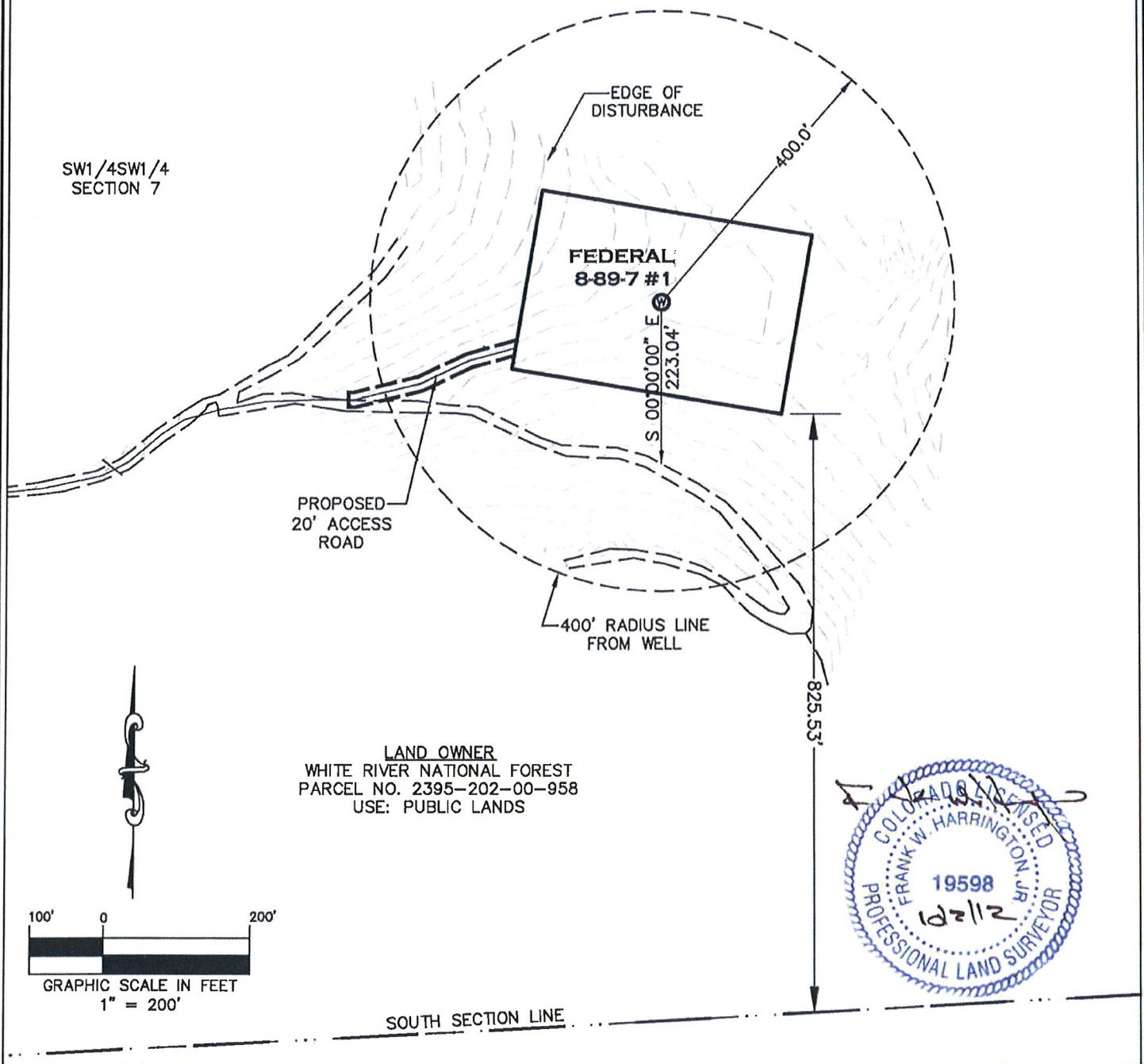
WELL LOCATION PLAT
PREPARED FOR: SG INTERESTS I, LTD.

SW 1/4 - SECTION 7
TOWNSHIP 8 SOUTH, RANGE 89 WEST OF 6TH P.M.
GARFIELD COUNTY, COLORADO

Figure 6A

FEDERAL 8-89-7 #1

SW1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



HIGH COUNTRY ENGINEERING, INC.



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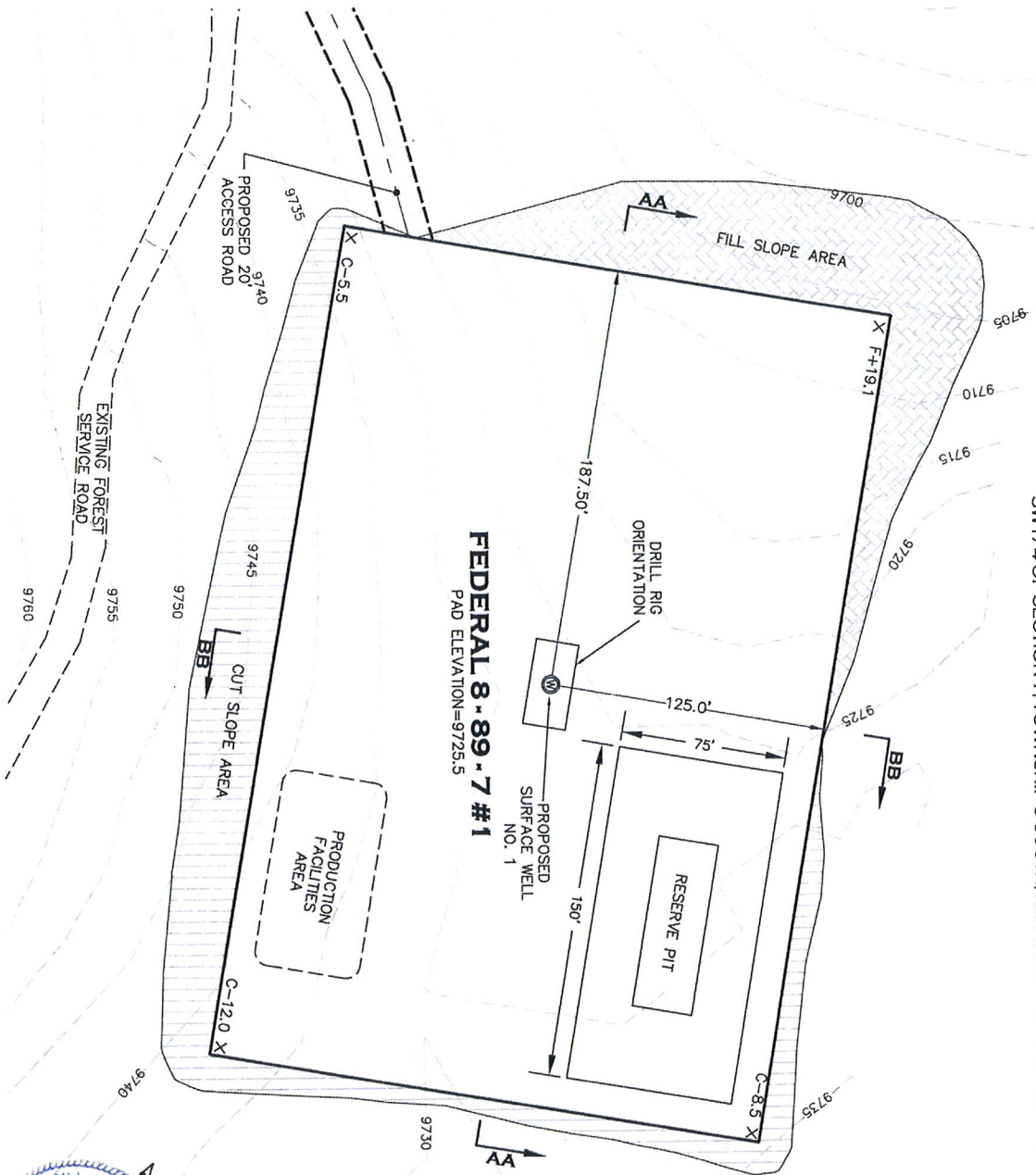
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CHECKED BY: FWH	PROJECT NO: 2121655.04
DATE: AUGUST 13, 2012	
FILE: J:/SDSKPROJ/212/1655-04/DWG/1655.04.DWG	

WELL LOCATION PLAT
PREPARED FOR: SG INTERESTS I, LTD.

FEDERAL 8-89-7 #1
LOCATION PLAT

Figure 6B

FEDERAL 8-89-7 #1
SW 1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



FEDERAL 8-89-7 #1
PAD ELEVATION=9725.5

DISTURBANCE AREA TABLE		
ITEM	ACREAGE	TOTAL
PAD AND CUT/FILL AREA	2.80	2.96 Acres
ACCESS ROAD	0.16	

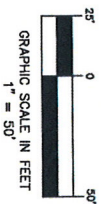
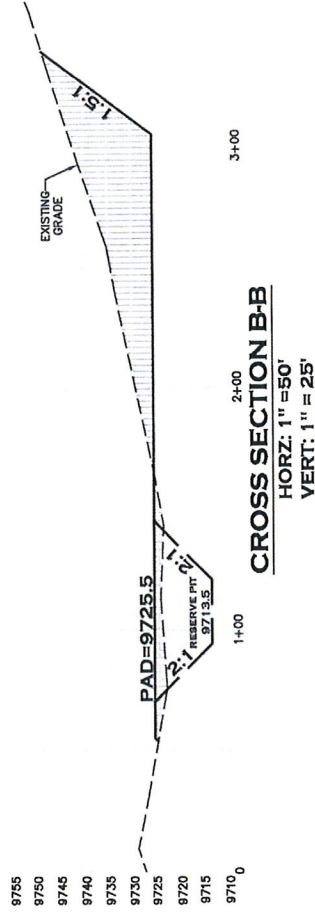
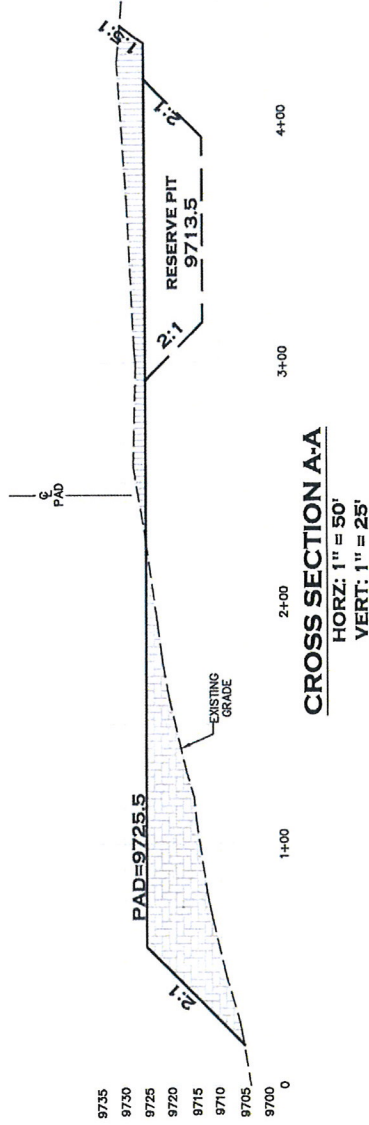


Figure 6D

FEDERAL 8-89-7 #1

SW 1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.



ESTIMATED EARTHWORK VOLUME SUMMARY	
CUT	= 19227 CUBIC YARDS
FILL	= 13781 CUBIC YARDS
TOPSOIL ASSUMING 8" = 3025 CUBIC YARDS	
NET	= 1316 CUBIC YARDS (EXPORT)

NOTE:
 EARTHWORK QUANTITIES ASSUME 10% COMPACTION

Figure 6E

SG Interests I, Ltd.
1485 Florida Road, Suite C202
Durango, CO 81301
(970) 385-0696

NINE POINT DRILLING PROGRAM

Well Name: Federal 8-89-7 #1
Lease Number(s): _____ Location(s): _____
Surface: COC66693 Sec. 7, T8S, R89W, 6thPM
Bottomhole: same same
Garfield County, CO

The proposed well is a direct drill to be completed in the Mancos Shale formation, in accordance with the following plan:

1. Estimated Geologic Tops

Formation/Group	Depth of Top
MESA VERDE	650
COAL RIDGE	4400
SOUTH CANYON	5250
CAMEO	5800
ROLLINS	5900
COZZETTE	6700
CORCORAN	6950

2. Estimated Prospective Productive Formations

Type	Name	Depth	Thickness
COAL	CAMEO	5800	50
SS	COZZETTE	6700	150
SS	CORCORAN	6950	150

SG Interests will protect the above listed resources by cementing casing across those formations.

3. Minimum Specifications for Pressure Control Equipment

BOP equipment and accessories will meet or exceed BLM requirements outlined in 43 CFR Part 3160. A 3000 or a 5000 psig double ram hydraulic BOP will be used (see attached diagram) for the intermediate portion of the well (400' - 5400'). Maximum anticipated formation pressure is 2300 - 2500 psig. Accessories to the BOP will meet BLM requirements for the system used. A 5000 psig double ram hydraulic BOP will be used (see attached diagram) for the lower portion of the well (5400' - 9500'). Maximum anticipated formation pressure is 4100 - 4450 psig. Accessories to the BOP will meet BLM requirements for a 5000 psig system. The accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill line, kill line and line to choke manifold will be 2". BOP's will be function tested every 24 hours and will be recorded on IADC log. Surface casing will be tested to 1500 psig for 30 minutes.

Accessories to BOPE will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3000 or 5000 psig choke manifold with 3" adjustable and 3" positive chokes, and pressure gauge. A 5M BOP Choke Manifold Diagram is attached.

4. Proposed Casing Program

Casing/ Liner Stage	Hole Size	Casing Size	Size/ Grade	Wt. (#/ft.)	Thread/ Coupling Type	Top (MD)	Bottom (MD)	Top (TVD)	Bottom (TVD)
Conductor	26"	16"	J-55	75	Welded	0'	80'	0'	80'
Surface	12.25"	9-5/8"	J-55	40	LTC	0'	400'	0'	400'
Production	8.50"	5-1/2"	P-110	17	LTC	0'	7,300'	0'	7,300'

5. Proposed Cementing Program

String	Stage Cement Depth	No. of Sacks & Type of Cement	Slurry Vol. (BBL)	Cement Top	Cement Bottom
Conductor		8 Yards Ready Mix	5	0'	80'
Surface		130 Sacks VERSACEM	155	0'	400'
Production	5,150'	1,035 Sacks Light Standard & Premium Plus	340	0'	7,300'

6. Circulating Mediums

A native water based spud mud system (FW) will be used for the surface hole (400' of 12-1/4" hole, set 9-5/8" casing). Primary product used will be gel for viscosity control.

A low solids non-dispersed gel system (LSND) will be used throughout the production hole (6,900' of 12-1/4" hole, set 5-1/2" casing to surface). Products used may include but not be limited to Barite for weighting material, gel for viscosity control, lime for alkalinity control, Pac LV for fluid loss, Desco for rheological control and to reduce gel strengths, and lost circulation materials (LCM) such as fibers, saw dust or walnut shells.

Solids control equipment will include shakers and a centrifuge. Fluid densities will be maintained as low as possible to drill with minimal over-balance to reduce the possibility of losing returns and/or of differentially sticking the drill sting. Hole conditions and drilling parameters will be monitored closely for indications of increases in formation pressures. Fluid densities will be adjusted accordingly.

Optimum hydraulics will be maintained to provide maximum hole cleaning and minimize washout of the wellbore. Rheological properties will be adjusted for optimum bit hydraulics, penetration rates and minimize drag forces on the wellbore. Holes conditions and mud properties will be optimized prior to running logs, running casing and cementing. Adequate amounts of lost circulation and weighting material will be on location if needed as well as sorbitive agents to handle potential spills of fuel or lubricants.

Depth	Type	Quantity	Wt (ppg)	Vis (sec)	Wtr loss	Solids
0-400'	FW		± 8.5-8.7	30-40	NC	<7%
400'-7,300'	LSND		± 8.7-9.5	40-70	6-8 cc	<7%

7. Testing, Coring and Logging Program

Open-hole logs will include GR, Induction, Caliper, and Density logs from Lower Depth: ' to Upper depth:' and GR, Induction, Caliper, Density and FMI logs from TD to Lower Depth: '. Mud logger will be placed on well below surface casing

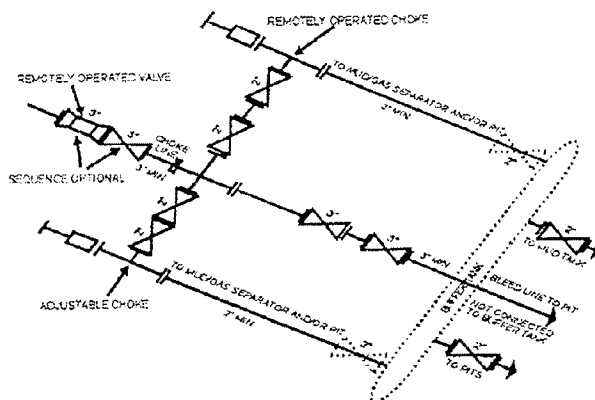
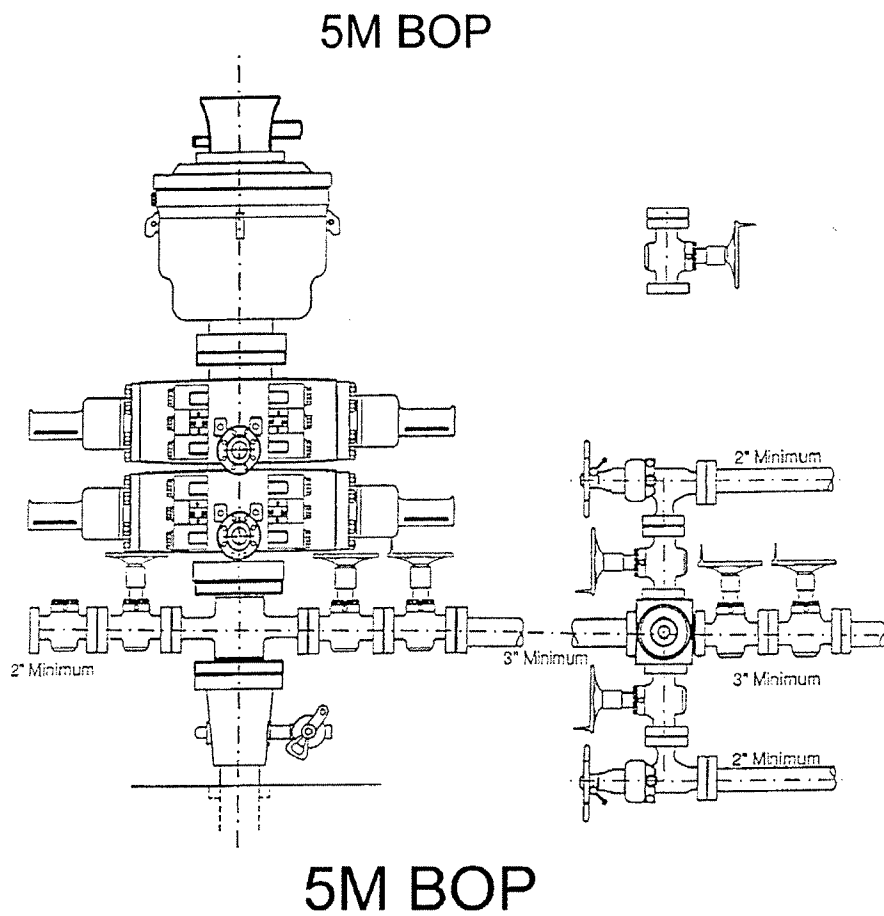
8. Anticipated Drilling Conditions, Pressures, Temperatures, Lost Circulation, H₂S, etc.

No abnormal pressures or temperatures are expected in this well. Maximum anticipated reservoir pressure at TD is Max Pressures psig with a normal temperature gradient. Lost circulation is possible. Lost circulation material will be maintained on location. Intermediate casing will be set at approximately 5400' to isolate potential shallower lost circulation zones. Both the intermediate and long strings will have two stage cementing jobs performed. No H₂S is expected nor has H₂S been encountered in the drilling of any previous wells.

9. Other Information

Anticipated spud date is month & year or as soon as permits are received and work can be scheduled. Estimated drilling time is 30-35 days. The well will be completed as a cased hole completion, perforated and hydraulically fracture stimulated. Completion operations are expected to take 14-28 days and will commence as soon after completion of drilling operations and scheduling allow.

5-M Choke Manifold Diagram



5M CHOKER MANIFOLD EQUIPMENT - CONFIGURATION OF CHOKES MAY VARY

Although not required for any of the choke manifold systems, buffer tanks are sometimes installed downstream of the choke assemblies for the purpose of cushioning the bleed lines together. When buffer tanks are employed, valves shall be installed upstream to isolate a failure at any location without interrupting flow control. Though not shown on 3M, 3M, 10M, OR 15M drawings, it would also be applicable to choke situations.

(See 88 10525, Sept. 27, 1949)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER


FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. COC66693	
6. If Indian, Allottee or Tribe Name	
7. If Unit or CA Agreement, Name and No.	
8. Lease Name and Well No. Federal 8-89-7 #1	
9. API Well No.	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory Wildcat
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 7, T8S, R89W, 6thPM
12. County or Parish Garfield	
13. State CO	
14. Distance in miles and direction from nearest town or post office* 21 miles from Glenwood Springs	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 989.9 ft N/A	16. No. of acres in lease 2250.35
17. Spacing Unit dedicated to this well N/A	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth 7,300 ft
20. BLM/BIA Bond No. on file B03278	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) GL 9,728.5	22. Approximate date work will start* 05/15/2013
23. Estimated duration 45 days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed Typed) Catherine Dickert	Date 10/15/12
Title Environmental & Permitting Manager		

Approved by (Signature)	Name (Printed Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

**SG Interests I, Ltd.
Federal 8-89-7 #1**

[illegible]

From: (970) 385-0696
 Brett Francois
 SG Interests I, LTD
 1485 FLORIDA RD STE 202

DURANGO, CO 81301

Origin ID: DROA



J12201207160325

Ship Date: 16OCT12
 ActWgt: 0.8 LB
 CAD: 4828155/NET3300

Delivery Address Bar Code



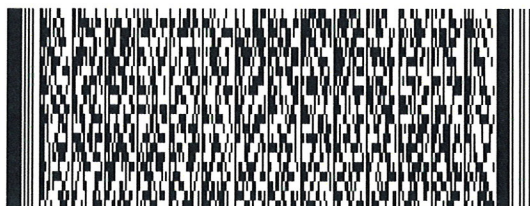
Ref #
 Invoice #
 PO #
 Dept #

SHIP TO: (970) 876-9000

BILL SENDER

Mr. Steve Bennett
Bureau of Land Management
2300 RIVER FRONTAGE RD

SILT, CO 81652



TRK# 7992 0422 1823
 0201

X3 RILA

WED - 17 OCT PM
PRIORITY OVERNIGHT

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3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.



Shipment Receipt

Address Information**Ship to:**

Mr. Steve Bennett
Bureau of Land
Management
2300 RIVER FRONTAGE
RD

Ship from:

Brett Francois
SG Interests I, LTD
1485 FLORIDA RD STE 202

SILT, CO
816528633
US
9708769000

DURANGO, CO
813016881
US
9703850696

Shipment Information:

Tracking no.: 799204221823
Ship date: 10/16/2012
Estimated shipping charges: 27.83

Package Information

Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 0.80 LBS
Declared Value: 0.00 USD
Special Services: Direct signature required
Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information:

Bill transportation to: Durango Office-694
Your reference:
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

SG INTERESTS I, LTD.
100 WAUGH DRIVE, SUITE 400
HOUSTON, TEXAS 77007

VENDOR

CHECK DATE

146350

890751

10/05/12

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
20120926	09/26/12	1288592 ADP FILING FEE	0.00	6,500.00
Total:			0.00	6,500.00

THE FACE OF THIS DOCUMENT HAS A VOID FEATURE, MICRO PRINTING AND AN ARTIFICIAL WATERMARK ON THE BACK.

SG INTERESTS I, LTD.
100 WAUGH DRIVE, SUITE 400
HOUSTON, TEXAS 77007

COMPASS BANK
HOUSTON, TEXAS 77210-4444

146350

CHECK NO.

Pay *****6,500 Dollars and 00 Cents

DATE

AMOUNT

10/05/12

*****6,500.00

TO THE
ORDER OF:

US BUREAU OF LAND MANAGEMENT
2505 S. TOWNSEND AVE.
MONTROSE CO 81401


AUTHORIZED SIGNATURE

⑈146350⑈ ⑆113010547⑆ 86770814⑈



Shipment Receipt

Address Information**Ship to:**

Mr. Steve Bennett
Bureau of Land
Management
2300 RIVER FRONTAGE
RD

Ship from:

Brett Francois
SG Interests I, LTD
1485 FLORIDA RD STE 202

SILT, CO
81652-8633
US
970-876-9000

DURANGO, CO
813016881
US
970-385-0696

Shipment Information:

Tracking no.: 799196926969
Ship date: 10/15/2012
Estimated shipping charges: 24.33

Package Information

Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 0.60 LBS
Declared Value: 0.00 USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information:

Bill transportation to: Durango Office-694
Your reference:
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.
The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

SW 1/4 OF SECTION 7, TOWNSHIP 8 SOUTH, RANGE 89 WEST OF THE 6TH P.M.

LAND OWNER
WHITE RIVER NATIONAL FOREST
PARCEL NO. 2395-202-00-958
USE: PUBLIC LANDS

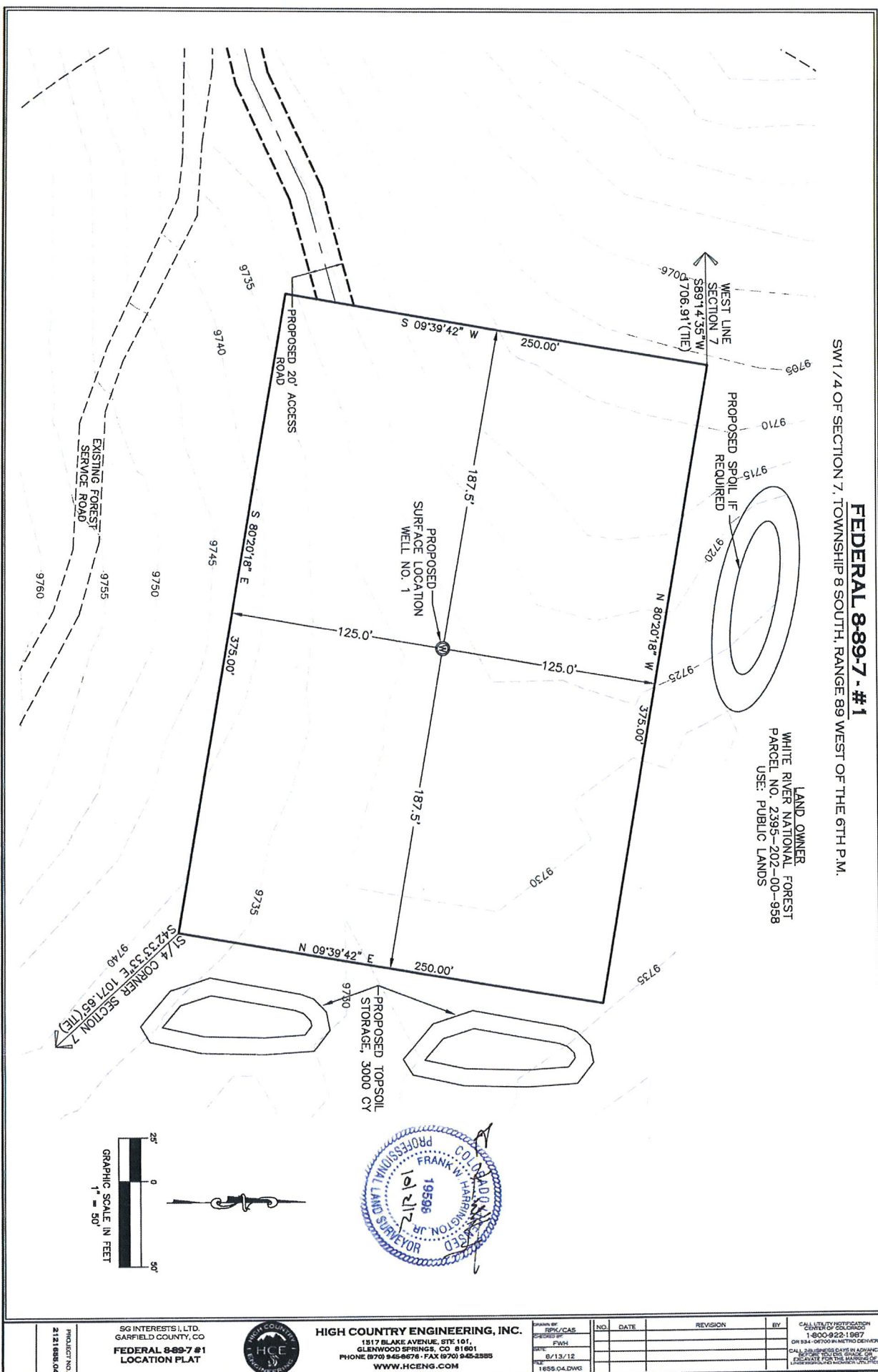


Figure 6C