

Federal 8-89-7 #1 Natural Gas Well Project
Water Use Plan
SG Interests I Ltd.

The following water use plan is preliminary as of 11/14/2013 and will be updated as necessary throughout the permitting processes (Colorado Oil and Gas Conservation Commission, USDA Forest Service, and US Bureau of Land Management). This information will be presented to the federal agencies as the Surface Use Plan of Operations is updated and will incorporate all state and federal conditions of approval.

Water to be used during drilling and completion operations will be delivered to the location via water truck by one of the following sources:

Federal 8-89-7 #1 Location & Type of Water Supply		
Location:	Type:	Driving Directions
SE/ NE Sec 10, 6S, R92W	Surface Water (River)	Go north on County Road 311 (Silt boat ramp), Access I-70 east towards Glenwood Springs and continue to well site.
SE/NW and SW/NW Section 31, Township 7 South, Range 89 West, 6 th P.M.	Surface Water (Sunlight Ponds)	From Sunlight Ski Area to well site.
CASECO LLC. 1010 HWY 141, Whitewater, CO 8157, T12S, R99W Sec 28, NWSE & SWSE	Commercial	Head northeast on CO-141 N toward US-50 E/Alt Route State Hwy 141 112 ft., Turn left onto CO-141 N/US-50 W/Alt Route State Hwy 141 2.6 miles, Turn right onto CO-141 N/32 Rd, 5.4 miles, Turn right onto Interstate 70 Business Loop E 1.1 miles, Keep right at the fork, follow signs for I-70 E and merge onto I-70 E 79.7 miles, Take exit 116 for CO-82 E toward Glenwood Springs/Aspen 0.2 miles, Turn left onto CO-82 E 495 ft., Take the 2nd right onto 6th St 0.1 miles, Take the 2nd left onto Pine St 125 ft., Take exit 116 (Glenwood Springs). Continue to well site.
Screamin' Eagle Trucking, 32597 Highway 6 Silt, CO 81562, T12S, R99W, Sec 28 NWSE & SWSE	Commercial	Head south toward US-6 E 344 ft, Turn left onto US 6 E. 0.9 miles, Turn right onto 9th Street 0.2 miles, Turn left onto I-70 18.7 miles, Take exit 116 (Glenwood Springs) and continue to well site`.

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 81527), Screamin' Eagle Trucking (32597 Highway 6 Silt, CO 81562) or a similar commercially available source.

SG Interests estimates 10 to 12 loads of water, using 80 BBL tank trucks, would be used during the construction of the well pad and upgrades to the access road (approximately 960 BBL).

Drilling activities for the #1 well will require approximately 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. Two completion stages are expected in order to complete this well. Delivery of water for completion requires 125 round trips with an 80 BBL water truck. SG will use two to five water trucks to haul the water. An estimated 80% of this water (approximately 8,000 BBL) flows back immediately and must be hauled off the location. Hauling flowback water will require approximately 100 round trips with 80 BBL water trucks. If SG uses three trucks, each truck makes approximately 33 round trips to haul the water to a permitted disposal facility. 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 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.

PRELIMINARY