

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

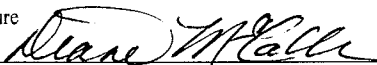
FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. COC-064169
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 checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator SG Interests		7. If Unit or CA Agreement, Name and No.
3a. Address P. O. Box 26 Montrose, CO 81402		8. Lease Name and Well No. Federal 12-89-30 #1
3b. Phone No. (include area code) (970) 252-0696		9. API Well No.
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 267' FNL & 1261' FEL; Lat: 39.99186N Lon: 107.37319W At proposed prod. zone 1473' FNL & 1257' FEL; Lat: 38.98854N Lon: 107.37317W		10. Field and Pool, or Exploratory Wildcat
14. Distance in miles and direction from nearest town or post office* 4158 from Hwy 133, see maps attached to SUPO		11. Sec., T. R. M. or Blk. and Survey or Area NENE Sec 30-T12S-R89W 6th PM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 1272.5	17. Spacing Unit dedicated to this well
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 7775'	20. BLM/BIA Bond No. on file PIB0003278
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 7363'	22. Approximate date work will start* 05/01/2010	23. Estimated duration 75 Days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed/Typed) Diane McCallum	Date 02/12/2010
Title Permitting and Regulatory 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.

(Continued on page 2)

*(Instructions on page 2)