

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 _____ ZONE TYPE SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input checked="" type="checkbox"/> COMMINGLE ZONES <input checked="" type="checkbox"/>	Refiling <input checked="" type="checkbox"/> Sidetrack <input type="checkbox"/>
--	--

Date Received:
06/29/2017

Well Name: Medved 12-89-5 Well Number: 1

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: Tracy Arnett Phone: (970)3850696 Fax: (970)3850636
 Email: tarnett@sginterests.com

RECLAMATION FINANCIAL ASSURANCE
 Plugging and Abandonment Bond Surety ID: 20030098

WELL LOCATION INFORMATION

QtrQtr: SWNE Sec: 5 Twp: 12S Rng: 89W Meridian: 6
 Latitude: 39.046110 Longitude: -107.357940

Footage at Surface: 1159 Feet FNL 2181 Feet FEL
FNL/FSL FEL/FWL

Field Name: WILDCAT Field Number: 99999
 Ground Elevation: 6891 County: GUNNISON

GPS Data:
 Date of Measurement: 11/01/2012 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

Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

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: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

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

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.)

Please attached lease map.

Total Acres in Described Lease: 243 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 485 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1520 Feet
 Building Unit: 1520 Feet
 High Occupancy Building Unit: 5280 Feet
 Designated Outside Activity Area: 5280 Feet
 Public Road: 615 Feet
 Above Ground Utility: 336 Feet
 Railroad: 5280 Feet
 Property Line: 485 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 2600 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 2181 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Bull Mountain Unit Number: COC67120X

SPACING & FORMATIONS COMMENTS

This well is within the Federal Bull Mountain Unit

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
CAMEO COAL	CMEOC			
CORCORAN	CRCRN			
COZZETTE	COZZ			
WILLIAMS FORK COAL	WMFKC			

DRILLING PROGRAM

Proposed Total Measured Depth: 4200 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: _____ Feet No well belonging to another operator within 1,500 feet

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)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 608

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? _____

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

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	225	400	0
1ST	8+1/2	5+1/2	17	0	4200	420	4200	2100
			Stage Tool		2100	400	2100	0

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

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 No changes have been made to the surrounding land use. The well name was changed via Sundry Notice # (400471157). A location plat with the name change is attached.
No changes have been made to the well construction plan.
No changes have been made to the mineral lease description upon which the proposed well site is located.
The well site has not been built.
Nearest well in the same formation is the Borich 11-89-32 #1 approximately 2600' north.

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

Location ID: 433879

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: Tracy Arnett

Title: Permitting Date: 6/29/2017 Email: tarnett@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:  Director of COGCC Date: 9/24/2017

Expiration Date: 09/23/2019

API NUMBER
05 051 06117 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

	If location is not built by 2A expiration 11/19/2019, Operator must Refile Form 2A for approval prior to location construction.
	If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016, revised October 6, 2016).
	1) Operator shall comply with the most current revision of the Northwest Notification Policy. 2) Operator shall provide cement coverage from the production casing shoe (5 1/2" FIRST STRING) to a minimum of 200' above the surface casing shoe to provide isolation of all Cretaceous (Ohio Creek and Mesaverde) and Tertiary (Wasatch) oil, gas, and water-bearing sandstone and coalbed formations that are not otherwise covered by the surface casing. Verify production casing cement coverage with a cement bond log.

Best Management Practices

No BMP/COA Type

Description

1	Drilling/Completion Operations	Open-hole resistivity log with gamma-ray log will be run from TD to the surface casing. A cement bond log with gamma-ray will be run on the production casing (or intermediate casing if production liner is run). The Form 5, Completion Report, for this well will list all logs run and have those logs attached.
---	--------------------------------	--

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Policy
NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

Att Doc Num

Name

401318440	FORM 2 SUBMITTED
401324400	MINERAL LEASE MAP
401327498	PLAT

Total Attach: 3 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Operator has agreed to corrections and COA's. Final review complete.	09/12/2017
Permit	Corrected right to construct from Lease to SUA with operator approval.	08/15/2017
Permit	Added OGLA review tasks for waste management. Checking on right to construct.	08/01/2017
Engineer	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 was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 130 feet. Offset well evaluation: There are no existing oil and gas wells within 1500 feet.	07/12/2017
Permit	Passed Completeness.	07/07/2017

Total: 5 comment(s)