

**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"/>
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Date Received:  
05/24/2018

Well Name: Federal 11-90-24      Well Number: 3

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: Lot 4      Sec: 24      Twp: 11S      Rng: 90W      Meridian: 6  
 Latitude: 39.080720      Longitude: -107.387440

Footage at Surface:      842      Feet      118      Feet

FNL/FSL      FEL/FWL  
FSL      FEL

Field Name: WILDCAT      Field Number: 99999  
 Ground Elevation: 7396      County: GUNNISON

GPS Data:  
 Date of Measurement: 11/20/2011    PDOP Reading: 1.3    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.)

See lease map on file with original permit (Doc#400250532)

Total Acres in Described Lease: 1344 Described Mineral Lease is:  Fee  State  Federal  Indian

Federal or State Lease # COC064170

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 118 Feet

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

Building: 3150 Feet

Building Unit: 3182 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 2700 Feet

Above Ground Utility: 2700 Feet

Railroad: 5280 Feet

Property Line: 842 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: 872 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 5280 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 in 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			
COZZETTE-CORCORAN	CZ-CR			

## DRILLING PROGRAM

Proposed Total Measured Depth: 5000 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 H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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	65	0	80	185	80	0
SURF	12+1/4	9+5/8	40	0	600	330	600	0
1ST	8+1/2	5+1/2	17	0	5000	650	5000	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 There have been no changes to the surrounding land use.  
There have been no changes to the well construction plan.  
There have been no changes to the mineral lease description upon which the proposed well site is located.  
The well site has not been built. Approved Form 2A is on file with COGCC.  
Nearest well completed in the same formation is the Federal 11-89-19 2 API 051-06137-03.

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: 429150

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: 5/24/2018 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: 7/3/2018

Expiration Date: 07/02/2020

<b>API NUMBER</b>
05 051 06109 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.

<u>COA Type</u>	<u>Description</u>
	This Permit to Drill is approved subject to all the BMP's and COA's on the most recently approved Form 2A and any subsequently approved Form 4 for the Oil and Gas Location (Location ID # 429150). The most recently approved Form 2A and any subsequent Form 4's containing applicable COA's for this location shall be posted onsite during construction, drilling, and completions operations.
	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 surface casing. Verify production casing cement coverage with a cement bond log.

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
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

NW Colorado Notification Policy.  
[http://cogcc.state.co.us/documents/reg/Policies/nw\\_notification\\_procedures.pdf](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](http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf)

## Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401643902	FORM 2 SUBMITTED

Total Attach: 1 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Corrected the distance to the nearest well in the same formation from 2489' to 872' and changed the well name in operator comments with operator concurrence. Final review complete.	07/03/2018
Permit	Form 2A expires in August 2018. In preparation, the operator has submitted a refile 2A, Doc 401650784. Preliminary review complete.	06/26/2018
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 145 feet.  Offset Well Evaluation: There are no existing offset oil and gas wells within 1,500 feet of this wellbore.	06/21/2018
Permit	Passed Completeness.	06/04/2018

Total: 4 comment(s)