

# BEATTY & WOZNIAK, P.C.

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JAMIE L. JOST  
DIRECT: 303-407-4458  
EMAIL: JJOST@BWENERGYLAW.COM

February 22, 2010

## VIA HAND DELIVERY

Director David Neslin  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, CO 80203

Re: Request for Rule 502b Variance - Exception Location  
Sugarloaf Government #17 Well  
Section 5: SE ¼NE ¼, Township 11 North, Range 101 West, 6th P.M.  
Moffat County, Colorado

Dear Director Neslin,

According to COGCC Rule 318.a., the above referenced well is to be located not less than six hundred (600) feet from any lease line, and not less than one thousand two hundred feet (1200') from any producible or drilling oil or gas well. The proposed Sugarloaf Government #17 well is planned to be 2020' FNL and 448' FEL, located in Section 5: SE ¼NE ¼, Township 11 North, Range 101 West, 6th P.M.


Wexpro Company ("Wexpro") hereby requests that the Director authorize an exception location in accordance with COGCC Rule 318.c, by the granting of a variance as authorized under Rule 502.b of the Rules and Regulations for the following reasons:

1. Wexpro seeks an exception from Rule 318.a. in that it seeks to drill and produce the Sugarloaf Government #17 Well on BLM lease COC-0002981 at the detailed location approximately four hundred and forty-eight (448) feet from the lease line to the East. A plat reflecting the location is attached as Exhibit A. The lease subject to encroachment is BLM lease COC0002913 and Wexpro holds 100% operating rights in this lease.
2. Wexpro holds 100% operating rights in BLM lease COC-0002981, the proposed location of the Sugarloaf Government #17 Well in Section 5: SE ¼NE ¼, Township 11 North, Range 101 West, 6th P.M. On January 28, 2010, Mr. David E. Blackstun of the Bureau of Land Management, Little Snake Field Office, waived any objection to the subject well location provided it is no closer than 448 feet from the lease line of BLM Lease COC0002913 in Section 5, Township 11 North, Range 101 West, Moffat County, Colorado. Wexpro was required to obtain only the BLM's waiver. The January 28, 2010 letter is attached as Exhibit B. Therefore, no violation of the basic intent of the Oil & Gas Conservation Act will occur by the granting of this variance.

David Neslin  
February 22, 2010  
Page 2

Wexpro respectfully requests pursuant to Rule 502b(1) that the Director administratively grant a variance to the well setback as set forth herein. If Wexpro's request for a variance is granted, Wexpro will respectfully withdraw its February 3, 2010 Application for an exception location for Sugarloaf Government #17 Well. Should you have any questions, please call me at (303) 407-4458.

Sincerely,

A handwritten signature in cursive script that reads "Jamie L. Jost".

Jamie L. Jost

cc w/ enclosures:      Wexpro Company  
                                 United States Department of the Interior – Mr. David E. Blackstun

Enclosures

T11N, R101W, 6th P.M.

WEXPRO COMPANY

Well location, SUGAR LOAF #17, located as shown in the SE 1/4 NE 1/4 of Section 5, T11N, R101W, 6th P.M., Moffat County, Colorado.

BASIS OF ELEVATION .

SPOT ELEVATION LOCATED ON THE NORTHEAST CORNER OF SECTION 7, T11N, R101W, 6th P.M. TAKEN FROM THE SPARKS QUADRANGLE, MOFFAT COUNTY, COLORADO, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7091 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

S00°04'E - 5280.00' (G.L.O.)

T112N N89°55'W - 2640.00' (G.L.O.)

N89°55'57"W  
2642.84' (Meas.)

Set Mark Stone, Steel  
Post Set Plastic Cap  
#17492 on 5/8" Rebar  
Lat: 40.949553  
Long: 108.763478

Set Mark Stone,  
Pile of Stones,  
Steel Post  
Lat: 40.949561  
Long: 108.773042

SUGAR LOAF #17  
Elev. Ungraded Ground = 7009'

5

Set Mark Stone  
Lat: 40.942164  
Long: 108.763497

NOTE:  
SEE ADDENDUM TO LEGAL PLAT FOR  
EXISTING IMPROVEMENTS WITHIN 400'  
OF THE PROPOSED WELL HEAD.

S00°03'E - 2640.00' (G.L.O.)

S00°06'35"W - 2692.82' (Meas.)

N89°57'W - 5277.36' (G.L.O.)

LEGEND:

— = 90° SYMBOL

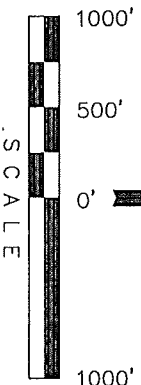
● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)  
LATITUDE = 40°56'38.44" (40.944011)  
LONGITUDE = 108°45'54.41" (108.765114)

(NAD 27)  
LATITUDE = 40°56'38.58" (40.944050)  
LONGITUDE = 108°45'52.01" (108.764447)

PDOP = 1.5



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM  
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY  
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE  
BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR  
REGISTRATION NO. 17492  
STATE OF COLORADO

UINTAH ENGINEERING & LAND SURVEYING  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

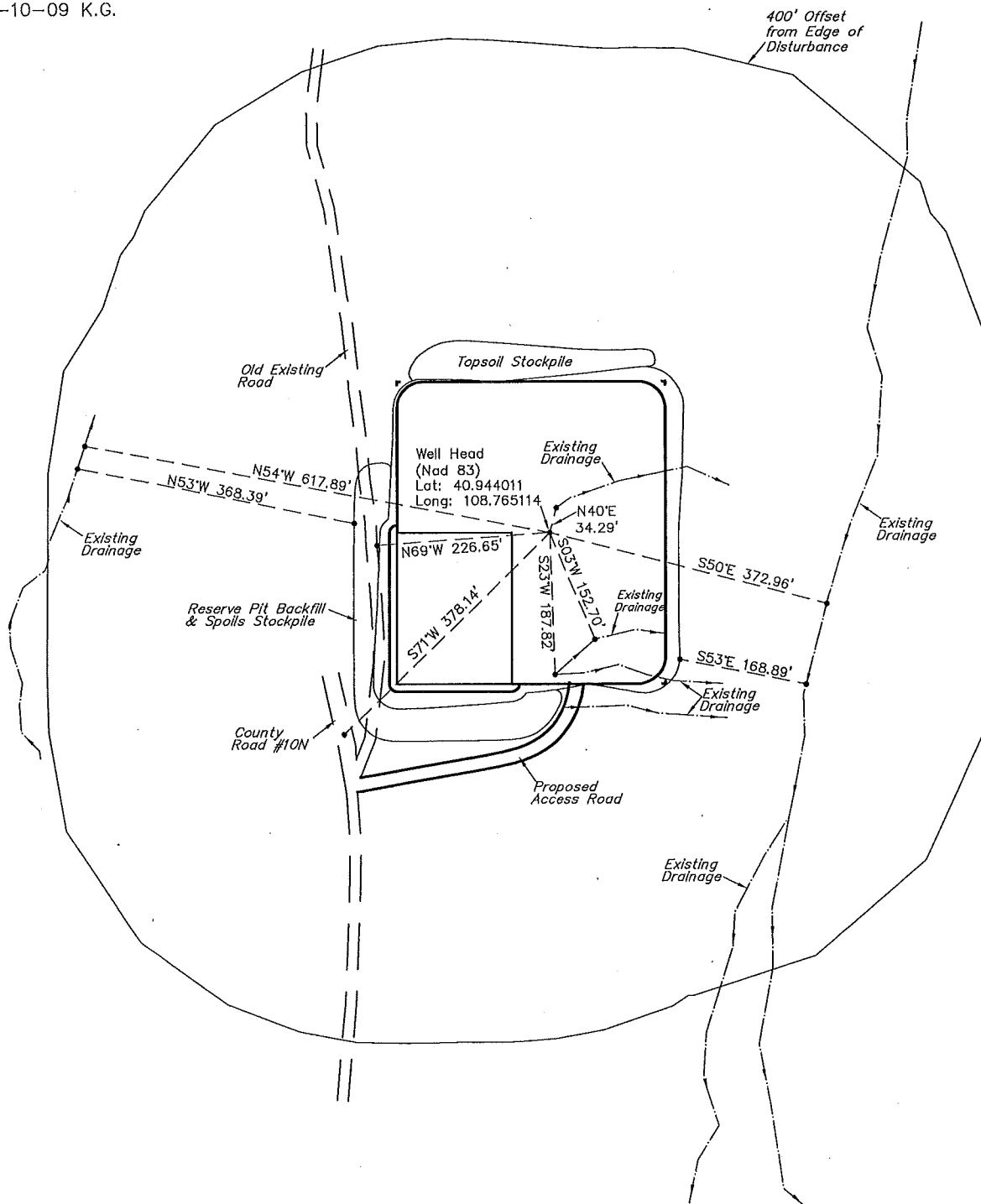
SCALE 1" = 1000'  
DATE SURVEYED: 02-04-09 DATE DRAWN: 02-06-09

PARTY S.H. D.G. S.P. REFERENCES G.L.O. PLAT

WEATHER COOL FILE WEXPRO COMPANY

SUGAR LOAF #17  
ON 5, T11N, R101W, 6th P.M.  
2020' FNL 448' FEL

400' Offset  
from Edge of  
Disturbance



UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Little Snake Field Office  
455 Emerson Street  
Craig, Colorado 81625-1129  
<http://www.co.blm.gov/lspa/index.htm>



In Reply Refer To:  
3160(CON010)  
COC02913

January 28, 2010

CERTIFIED MAIL – Return Receipt Requested – 7009 0080 0001 9031 4570

Jamie L. Jost  
Beatty & Wozniak, P.C.  
216 16<sup>th</sup> St, Ste 1100  
Denver, CO 80202-5115

Re: Waiver Acknowledgement  
Wexpro Company – Sugarloaf #17  
Section 5, Township 11 North, Range 101 West  
Moffat County, Colorado

Dear Ms. Jost,

The Bureau of Land Management waives any objection to the subject well location provided it is no closer than 448 feet from the lease line of BLM Lease COC02913 in Section 5, Township 11 North, Range 101 West, Moffat County, Colorado.

Sincerely,

For David E. Blackstun  
Acting Field Manager

RECEIVED  
FEB 04 2010

Beatty & Wozniak, P.C.

Exhibit B