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Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

BY: _____ **FORM APPROVED**
OMB No. 1004-0137
Expires March 31, 2007

| |
|--|
| 5. Lease Serial No. C - 23443 |
| 6. If Indian, Allottee or Tribe Name N/A |
| 7. If Unit or CA Agreement, Name and No. N/A |
| 8. Lease Name and Well No. Federal 7-23A (7K Pad) |
| 9. API Well No. 05-045- |
| 10. Field and Pool, or Exploratory Rulison/WMSFK/ILES |
| 11. Sec., T. R. M. or Blk. and Survey or Area Sec. 7-T8S-R95W |
| 12. County or Parish Garfield |
| 13. State CO |
| 14. Distance in miles and direction from nearest town or post office* 5 air miles South of Parachute |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 422' |
| 16. No. of acres in lease 1248.62 |
| 17. Spacing Unit dedicated to this well 139-59 -40 acre SWNE |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 320' |
| 19. Proposed Depth 7351' |
| 20. BLM/BIA Bond No. on file NM0484 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6517.3' GL |
| 22. Approximate date work will start* 05/01/2007 |
| 23. Estimated duration 2 weeks |

24. Attachments

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

| | | |
|--|--|--------------------|
| 25. Signature <i>DeAnne Spector</i> | Name (Printed/Typed) DeAnne Spector | Date 04/20/2007 |
|--|--|--------------------|

Title **Regulatory Specialist**

| | | |
|---|--|---------------------|
| Approved by (Signature) <i>Allen B. Crockett</i> | Name (Printed/Typed) Allen B. Crockett, Ph.D. | Date AUG 23 2007 |
|---|--|---------------------|

Title **Supervisory Natural Resource Specialist**
Office **Glenwood Springs Energy 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.
"Conditions of Approval 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.

*(Instructions on page 2)

"APPROVAL TO FLARE GRANTED WHILE DRILLING AND TESTING"

APD approved not to exceed 2 years

This Federal APD falls within the Pete and Bill Creek GAP. This document is currently being prepared for the Glenwood Springs BLM Office's review. The Surface Use Plan for this well will be the same as the SUP in the GAP document. The Drilling Plan for this well is attached which includes specific depths, casing and cementing, and the specific geology for each individual well.