

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

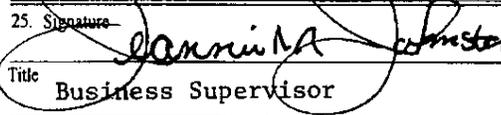
FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No. COC-11511	
6. If Indian, Allottee or Tribe Name ---	
7. If Unit or CA Agreement, Name and No. McElmo Dome Unit	
8. Lease Name and Well No. Yellow Jacket #5	
9. API Well No. YB #5 083-06627	
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	10. Field and Pool, or Exploratory Leadville
1b. Type of Well: <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other CO2 <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	11. Sec., T, R, M. or Blk and Survey or Area Section 24, T37N R18W NMPM
2. Name of Operator Kinder Morgan CO2 Company, L.P.	12. County or Parish Montezuma
3a. Address 17801 Hwy 491 - Cortez, CO	13. State Colorado
3b. Phone No. (include area code) 970 882-5517	14. Distance in miles and direction from nearest town or post office* Approximately 8 miles SW of Yellow Jacket, CO
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1824' FNL & 258 FWL At proposed prod. zone 57' FSL & 2026' FWL	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 258'
16. No. of acres in lease	17. Spacing Unit dedicated to this well
18. Distance from proposed location* to nearest well, drilling, completed, 4621' YB #1 applied for, on this lease, ft.	19. Proposed Depth 9959'
20. BLM/BIA Bond No. on file C01349	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6636'
22. Approximate date work will start* ASAP OCTOBER 5, 2006	23. Estimated duration 3-4 weeks

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|---|---|
| <ul style="list-style-type: none"> 1. Well plat certified by a registered surveyor. 2. A Drilling Plan. 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). | <ul style="list-style-type: none"> 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 5. Operator certification 6. Such other site specific information and/or plans as may be required by the BLM. |
|---|---|

25. Signature 	Name (Printed/Typed) Jeannie M. Johnston	Date 9/21/2006
Title Business Supervisor		

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.

*(Instructions on page 2)



Hand Delivered

United States Department of the Interior
Bureau of Land Management
San Juan Field Office
15 Burnett Court
Durango, CO 81301-3647

September 21, 2006

Dear Mr. Rabinowitz:

RE: DRILLING PERMITS
YB #5
Section 24, T37N, R18W, NMPM
Montezuma County, Colorado

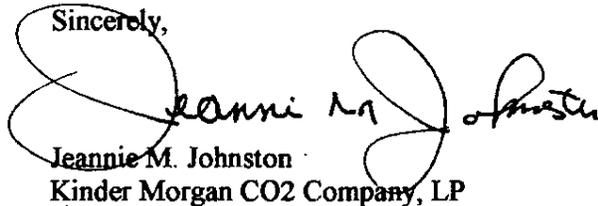
Enclosed is an Application to drill YB #5 for your review. I have also included a copy of the permit application to the CO&G. The surface owner is private.

Copies will be hand delivered to Lucas Vargo of your Dolores office.

We would appreciate the permit being approved as soon as possible as we have located a rig and it is available October 13, 2006. We will still need to build the location and the drilling pits prior to the arrival of the rig. If, possible approval would be appreciated by October 3-4, 2006.

If additional information is needed, please contact me at 970 882-5517.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeannie M. Johnston', is written over a circular scribble. Below the signature, the name and company are printed.

Jeannie M. Johnston
Kinder Morgan CO2 Company, LP

Cc: Files
Ken Havens
Doug Fredericks

Enclosures