



Corporate Office

1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.petd.com

September 29, 2010

Merit Energy Company
Attn: Ms. Erin Gerner
13727 Noel Road, Ste 500
Dallas, TX 75240

Sent via Email and US Certified Mail
Tracking: 7009 3410 0000 3277 5772

Re: Uhrich 43-30 Well
Township 6 North, Range 64 West, Section 30: NESE
Actual Footage for Location: 678' FEL, 1611' FSL
Weld County, Colorado

Dear Ms. Gerner,

This letter is pertaining to the 'as drilled' location of the "Uhrich 43-30" well drilled by Lyco Energy Corporation ("LYCO") on March 3, 1998. The location of said well is subject to Colorado Oil and Gas Conservation Commission Order No. 407-87. In general, the well location under this order must be located within a 200' tolerance in any direction from the center of the subject quarter-quarter section.

The Uhrich 43-30 was drilled on an 80 acre spacing unit consisting of the N/2SE/4 of Section 30, Township 6 North, Range 64 West, in Weld County, Colorado and was drilled outside the legal "drilling window" pursuant to the applicable order. The as drilled location of said well is 1611 feet "From the South Line" (FSL) of Section 30, in where it was permitted to be drilled 365 feet further to the North at 1976 feet FSL. Therefore, said well is encroaching on the South line of the 80 acre spacing unit by approximately 165.54 feet. Please note that said well remains approximately 293.3 feet North of the unit boundary.

By LYCO's inadvertent drilling of the Uhrich 43-30 well outside the Colorado Oil and Gas Conservation Commission's legal "drilling window," Petroleum Development Corporation, doing business as PDC Energy (PDC), as the current operator, must obtain the appropriate waivers from the leasehold owner of record to remain in compliance.

In signing and returning this waiver, you the undersigned acknowledge, as the leasehold owner of record, PDC should have drilled the Uhrich 43-30 well approximately 165.54 feet further to the North, but have no objection to the well as drilled.

If you do not approve of the Uhrich 43-30 well as drilled, please contact me directly at 303-860-5809 or the Colorado Oil and Gas Conservation Commission at 303-894-2100.

Thank you for your time and consideration in this matter.

Sincerely,
PDC ENERGY



Tyson Johnston
Landman

Enclosures: Uhrich 43-30 Plat
COGCC Order No. 407-87

I, the undersigned leasehold owner hereby allow the above referenced well to be drilled at the exception location detailed above.

AGREED to this 5th day of October, 2010.

By: _____

Title: 
Kevin Dickerson, Land Manager