

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

|   |  |  |  |
|---|--|--|--|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER  |  | <b>CONFIDENTIAL</b>  |  |
| 1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone                                    |  | 5. Lease Serial No.<br>COC56873  |  |
| 2. Name of Operator<br>FOUNDATION ENERGY MANAGEMENT   |  | 6. If Indian, Allottee or Tribe Name   |  |
| Contact: LISA SMITH<br>lsp@foundationenergy.com   |  | 7. If Unit or CA Agreement, Name and No.                                     |  |
| 3a. Address<br>321 SOUTH BOSTON, SUITE 950<br>TULSA, OK 74103   |  | 8. Lease Name and Well No.<br>BANTA RIDGE FEDERAL 6-18-1-103                 |  |
| 3b. Phone No. (include area code)<br>Ph: 303-857-9999<br>Fx: 303-450-9200   |  | 9. API Well No.  |  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *)<br>At surface SWSW Lot 4 1229FSL 618FWL 39.957325 N Lat, 109.005475 W Lon<br>At proposed prod. zone NESW 1957FSL 1807FWL 39.959319 N Lat, 109.005369 W Lon |  | 10. Field and Pool, or Exploratory<br>BANTA RIDGE                            |  |
| 14. Distance in miles and direction from nearest town or post office*<br>18.8 MILES SOUTHWEST OF RANGELY, CO  |  | 11. Sec., T., R., M., or Blk. and Survey or Area<br>Sec 18 T1S R103W Mer 6PM |  |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br>647'  |  | 12. County or Parish<br>RIO BLANCO COUN                                      |  |
| 16. No. of Acres in Lease<br>1596.90  |  | 13. State<br>CO  |  |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.<br>APPROX. 1375' FROM BOTTOM HOLE   |  | 17. Spacing Unit dedicated to this well<br>40.00                             |  |
| 19. Proposed Depth<br>4920 MD<br>4620 TVD   |  | 20. BLM/BIA Bond No. on file<br>B003173                                      |  |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.)<br>6055 GL   |  | 22. Approximate date work will start   |  |
|   |  | 23. Estimated duration   |  |

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<br>(Electronic Submission) | Name (Printed/Typed)<br>RICK PAYNE Ph: 918-585-1650 | Date<br>06/16/2011 |
| Title<br>VP OF OPERATIONS                |   |                    |
| Approved by (Signature)                  | Name (Printed/Typed)                                | Date               |
| Title                                    | Office  |                    |

Application approval does not warrant or certify 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.

Additional Operator Remarks (see next page)

Electronic Submission #110783 verified by the BLM Well Information System  
For FOUNDATION ENERGY MANAGEMENT, sent to the Meeker

\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\*

**Additional Operator Remarks:**

Surface Ownership: Bureau of Land Management

Lease Information

COC56873 Total Acres: 1596.93

T1S-R103W

Sec. 5: S2N2, SW, Lots 13-15

Sec. 6: S2NE, SE

Sec. 7: E2, E2W2, Lots 1-4

Sec. 18: E2W2, Lots 1-4