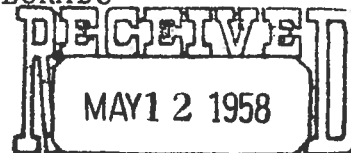




BEFORE THE OIL AND GAS CONSERVATION
COMMISSION OF THE STATE OF COLORADO



IN THE MATTER OF THE APPLICATION OF)
SCAGS OIL COMPANY FOR AN ORDER FROM)
THE COLORADO OIL AND GAS CONSERVATION)
COMMISSION ALLOWING AN EXCEPTION TO)
ITS RULE 317 OF THE RULES AND REGULATIONS)
OF THE OIL AND GAS CONSERVATION COMMISSION)
OF THE STATE OF COLORADO INSOFAR AS IT GOVERNS)
THE LOCATION OF OIL AND GAS WELLS IN THE)
STERLING AREA, LOGAN COUNTY, COLORADO)

OIL & GAS
CONSERVATION COMMISSION

APPLICATION

Comes Now SCAGS OIL COMPANY, a partnership, with offices at 3504 E. Colfax, Denver 6, Colorado, to respectfully show to the COLORADO OIL AND GAS CONSERVATION COMMISSION THAT:

1. Applicant is the owner or controls oil and gas lease covering part of the lands coming within Rule 317 of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, and is authorized to transact business with respect to such lands.

2. Applicant desires to drill a well on such lands at the following described location:

(A) The West half of the West half ($W\frac{1}{2}$ $W\frac{1}{2}$) of
Section Thirty-One (31) Township Eight (8)
North, Range Fifty-two (52) West of the 6th P.M.
This proposed location to be 361 Feet from the
East Line
661 Feet from the South Line
998 Feet from the West line

3. That this Applicant believes, and therefore alleges, that the proposed location is necessary to avoid drilling off the formation. That to drill at this location would in no way inconvenience, impair, harm, or interfere with the rights, privileges, or actions of the adjacent property owner, Mr. Luff.

Applicant further alleges that the right shall hereby be granted the adjacent property owner, Mr. Luff, to drill, if and when desired, the same distance from the property line as we are here requesting permission to drill. Applicant respectfully states he discussed this matter with the owner's Son who did not oppose this location, but stated he would make a sincere effort to obtain approval from the Father.



Applicant respectfully presents letter written by Mr. R. Edmonson, President of Inland Drilling Co., Denver, Colorado, in which he relates the action taken on this matter, with Mr. Luft the land owner, also Mr. Sandhouse, Attorney at law, Sterling, Colorado, representing Mr. Luft. These gentlemen did not express opposition to this location, or oppose it on the basis of damage, interference, or impairment of rights in any form. Mr. Luft expressed opposition to the signing of any document or form. His Son stated this to be a perfectly normal and regular characteristic of this gentleman.

WHEREFORE, Applicant prays that this matter be set down for hearing, and that this Commission enter its Order allowing the hereinbefore described exception to its Rule 317 insofar as said Rule governs the location of oil and gas wells in the Sterling area, Logan County, Colorado, and to approve the location specified.

Respectfully submitted,

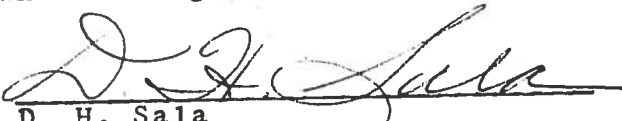
SCAGS OIL COMPANY

By D. H. Sala, Partner SCAGS OIL CO.
Authorized Representative.

STATE OF COLORADO)
) ss
City and County of Denver)

The undersigned, being first duly sworn, Says:

That the facts set forth in this Application are true to the best of affiant's own knowledge and that affiant believes the same to be true.


D. H. Sala

Subscribed and sworn to before me this 8, day of May, 1958.

My commission expires My Commission expires August 29, 1961


Notary Public.