

October 31, 2012

Bureau of Land Management
Tres Rios Field Office
Attn: Brenna Kampf
15 Burnett Court
Durango, Colorado 81301

DJ SIMMONS, INC.

1009 Ridgeway Place
Suite 200
Farmington,
New Mexico 87401

505-326-3753
505-327-4659 FAX
info@djsimmonsinc.com
www.djsimmonsinc.com

RE: Exception Location Notice and Waiver
Pinto 1-7
2,832' FSL and 2,840' FEL
SENW, Section 7, T39N, R19W
Dolores County, Colorado

Dear Mrs. Kampf,

DJ Simmons, Inc. requests that an administrative approval be granted of this non-standard footage location pursuant to Colorado Oil and Gas Conservation Commission Rule 318. a.

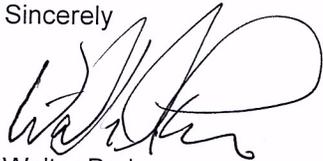
DJ Simmons, Inc. plans to drill the Pinto 1-7 oil well at the above mentioned referenced location to the Upper Ismay/Desert Creek formations at approximately 6,325 feet. Bottom hole location will be the same. This well is 2,832 feet from the south line and 2,840 feet from the east line of Section 7, T39N, R19W, placing the well location approximately 176 feet to the adjacent lease line to the south which will not be in compliance with Colorado Oil and Gas Conservation Commission Rule 318.a. (see attached survey plat dated October 4, 2012).

Regarding the non standard location of the proposed Pinto 1-7 location:

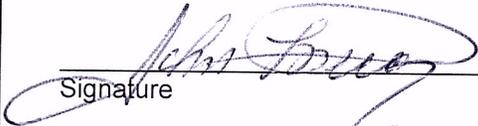
After working with the fee surface owners in regards to an optimal well location to avoid impacting possible future agricultural activities and reduce the visible impacts, as well as placing the wellhead in a geologically suitable location, DJ Simmons, Inc. has proposed to place the well at this location. DJ Simmons, Inc. also holds the adjacent Federal Leases and operates the surrounding wells. DJ Simmons, Inc. surveyed the proposed well bore and footages are reflected on attached plat dated October 4, 2012. If you have no objection to DJ Simmons, Inc., drilling this well at said location please indicate by signing this letter and return it to my attention.

If you have any questions, please call me.

Sincerely



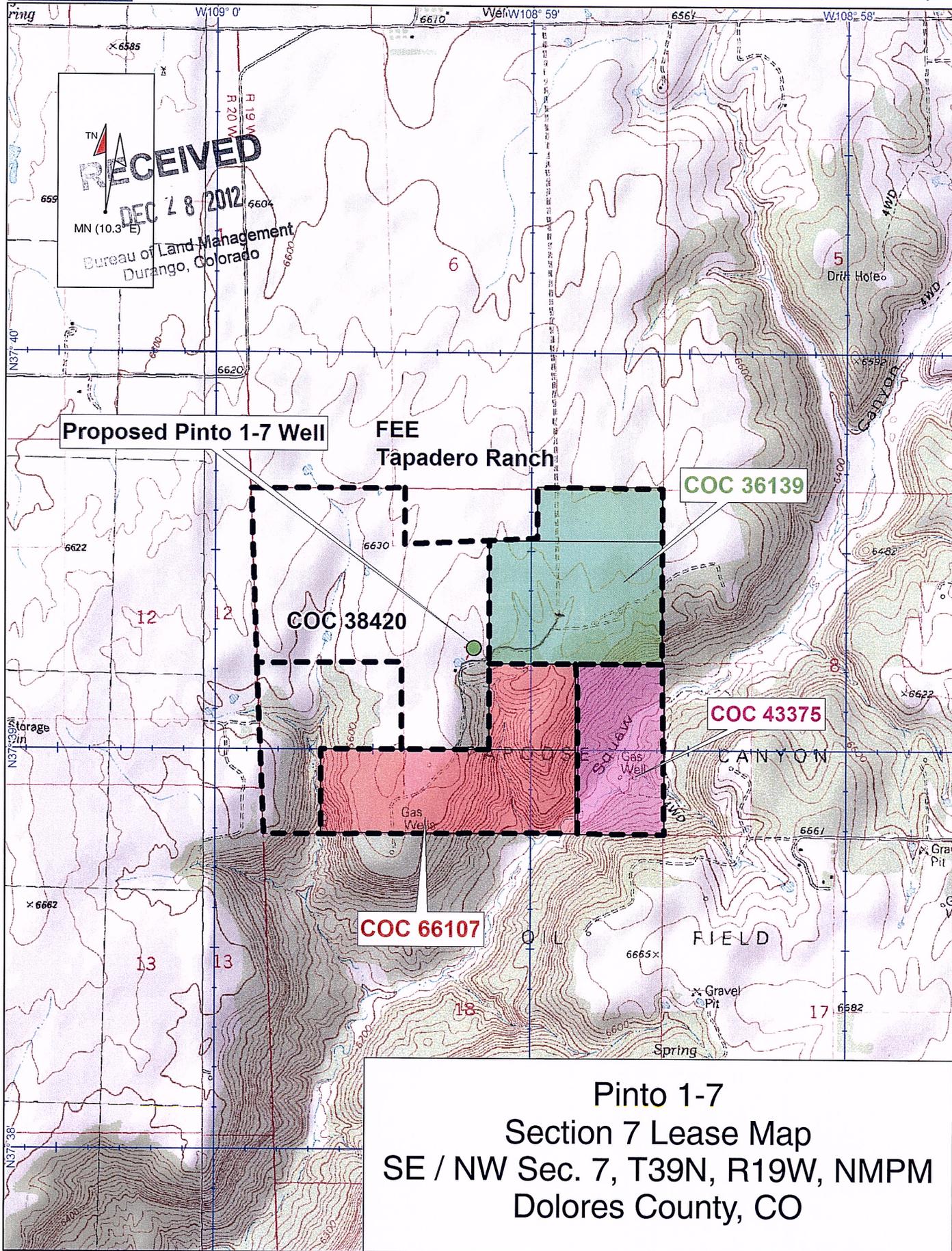
Walter Parks
Senior Landman


Signature

Typed Name: *John Teo*

Title: *ACTING MINERAL STAFF CHIEF*

Date: *1/17/13*

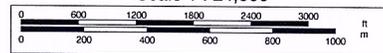


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Scale 1 : 24,000



1" = 2,000.0 ft

Data Zoom 12-7