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May 8, 2013

## VIA EMAIL AND U.S. MAIL

Matt Lepore, Director  
Colorado Oil & Gas Conservation Commission  
1120 Lincoln, Suite 801  
Denver, CO 80203

Attn: Barbara Westerdale

***Re: Exception location request – Castor 36-9-59 Wells  
Section 36, Township 9 North, Range 59 West, 6<sup>th</sup> P.M.  
Weld County, Colorado***

Dear Director Lepore:

The above-referenced lands are subject to Order No. 535-292 which approved up to six (6) horizontal wells within the approximate 640-acre drilling and spacing unit (“DSU”) established by the Order for the production of oil, gas and associated hydrocarbons from the Niobrara Formation. Pursuant to the Order, the treated intervals of the horizontal wellbores are to be no closer than 600’ from the unit boundaries, and no closer than 600’ from the treated interval any other horizontal wellbore drilled in the DSU (“internal wellbore setbacks”), without exception being granted by the Director.

On behalf of my client, Carrizo Oil & Gas, Inc. (“Carrizo”), I am requesting your approval, pursuant to Rule 318.c, of exception locations with respect to internal wellbore setbacks for the proposed Castor 1-36-11-9-59 and Castor 3-36-11-9-59 Wells (“Wells”). No waiver is required because the encroachment issues relate to wells within the same DSU. The Wells are each horizontal wells to the Niobrara Formation with the surface location at a multi-well pad 850’ FNL 1,270’ FWL in the NW/4NW/4 Section 36, T9N R59W. The existing and proposed wellbore paths are shown on the attached map (the Wells are numbered from west to east: 2-1-3; the Castor 2-36-11-9-59 has been drilled)

We request location exceptions from the internal wellbore setback requirements established by Order No. 535-292 as follows:

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- In the NW/4NW/4 of Section 36, a portion of the lateral of the Castor 1-36-11-9-59 Well is proposed to be located approximately 425' from the lateral of the existing Castor 2-36-11-9-59 Well.
- In the NW/4NW/4 of Section 36, a portion of the lateral of the Castor 3-36-11-9-59 Well is proposed to be located approximately 470' from the lateral of the proposed Castor 1-36-11-9-59 Well.
- In the SW/4SW/4 of Section 36, a portion of the Castor 3-36-11-9-59 Well is proposed to be located approximately 494' from the lateral of the proposed Castor 1-36-11-9-59 Well.

In accordance with the Commission's "Interim DJ Basin Horizontal Offset Policy," Carrizo is proposing lateral leg alignments to maintain a 500' setback from multiple plugged and abandoned wells in the DSU (shown on the attached map), while still achieving the desired lateral length of the wellbores and avoiding waste. (The Castor 2-36-11-9-59 was drilled prior to adoption of the interim policy.) The proposed wellbore alignments encroach upon the 600' internal wellbore setbacks near the heel and toe sections of the laterals. The 600' offset is restored for the middle sections of the laterals (see E-W line shown across the S/2 of the NW/4)

Accordingly, Carrizo respectfully requests that you approve these exception locations pursuant to Rule 318.c for good cause shown.

Please feel free to call me should you have any questions. Thank you in advance for your consideration and expeditious handling of this matter.

Very truly yours,

BEATTY & WOZNIAK, P.C.



Kenneth A. Wonstolen

Enclosure

cc: Ross D. Wardlaw, Carrizo Oil & Gas, Inc. (w/enclosure)

LAT: 40.71428  
LON: 103.85048

Castor 2-36-11-9-59

Surface Location  
650 PML 570 PML  
Pad Elev 4888.4  
LON: 103.85048  
LAT: 40.71428

Landing Point

650 PML 570 PML  
LAT: 40.71428  
LON: 103.85048

425'

470'

Castor 1-36-11-9-59

Castor 3-36-11-9-59

Castor 2-36-11-9-59

36

494'

Horizontal

650 PML 570 PML  
LAT: 40.71428  
LON: 103.85048

Horizontal

650 PML 570 PML  
LAT: 40.71428  
LON: 103.85048

Horizontal

650 PML 570 PML  
LAT: 40.71428  
LON: 103.85048

Horizontal

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