

October, 22nd 2013

Dirk Sutphin
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: DJ Basin Horizontal Offset Policy

Dear Mr. Sutphin,

Per your request Dakota Exploration LLC has reviewed the DJ Basin Horizontal Offset Policy and in accordance with its mandate Dakota Exploration LLC agrees to properly mitigate formation isolation issues in existing vertical wells within 500' of the proposed horizontal well path prior to any formation stimulation. This is agreed to for the wells listed below by conforming to one of the following options provided by the Horizontal Offset Policy:

1. If the existing well is to remain, provide the remedial cement needed to properly isolate all formations.
2. If the existing well is to be plugged adequately plug the existing well to isolate all formations.
3. If the existing well is PA or DA, re-enter and re-plug the inadequately plugged well.

Well List:

Doc 400423142

Permit Well Name:

Huckleberry 1-10-11-58H

Existing Well Name:

Kindvall #1

API# 123-05869

(lacks aquifer and Niobrara isolation)

Doc 400423126

Permit Well Name:

Highland 2-9-11-58H

Existing Well Name:

State-VIM 2

API# 123-05867

(lacks aquifer and Niobrara isolation)

Doc 400423132

Permit Well Name: Highland 3-9-11-58H
Existing Well Name: State #2 API# 123-06093
(lacks aquifer and Niobrara isolation)
Existing Well Name: State 1-1134 API# 123-05868
(lacks aquifer and Niobrara isolation)
Existing Well Name: State 1-16 API# 123-10566
(lacks aquifer and Niobrara isolation)

Doc 400423138

Permit Well Name: Highland 4-9-11-58H
Existing Well Name: Anderson B1 API# 123-05890
(lacks aquifer and Niobrara isolation)
Existing Well Name: State 1 API# 123-08005
(lacks aquifer and Niobrara isolation)
Existing Well Name: State 1 API# 123-06094
(lacks aquifer and Niobrara isolation)

Doc 400423112

Permit Well Name: Denny 2-11-11-59H
Existing Well Name: Klingensmith #1 API# 123-10020

Doc 400423122

Permit Well Name: Denny 4-11-11-59H
Existing Well Name: Belle Klingensmith #43-11 API# 123-14419

If I can answer any questions, please do not hesitate to contact me at 918.806.8687 or at pcollins@dakotaexploration.com

Sincerely,



Paul Collins
Managing Member
Dakota Exploration LLC