

**PETERSON ENERGY**  
A DIVISION OF IPT



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07/30/2013

VIA CERTIFIED MAIL #: 7012 2920 0001 0347 1434

Schneider Energy Services Inc  
Attn: Jeff Schneider  
P.O. Box 297  
Fort Morgan, CO 80701

RE: Rule 318A.m Minimum Intrawell Distance Exception

**Afton #12-16H-3 Well:**

**SHL: 598' FSL, 511' FEL, SESE Sec. 12-T1S-R68W,**

**Top of Producing Zone Location: 460' FSL, 865' FEL, SESE Sec. 12-T1S-R68W**

**BHL: 460' FNL, 865' FEL, NENE Sec. 12-T1S-R68W**

Dear Gentlemen

Pico Niobrara LLC (PICO) is applying to the Colorado Oil and Gas Conversation Commission (COGCC) to drill the above referenced well at the described surface and bottom hole locations. Per COGCC Rule 318A.m, no horizontal wellbore lateral shall be located less than one hundred fifty (150) feet from any existing or permitted oil or gas wellbore unless waived in writing by the operator of the encroached upon well. As currently planned, the horizontal wellbore lateral of the above well will lie within 150 feet of the wellbore of the captioned wells:

ELMS #2, API 05-001-08919, Operated by Schneider Energy Services Inc

DARLOW UNIT #12-16B, API 05-001-07097, Operated by Schneider Energy Services Inc

Per COGCC Rules PICO is required to get the affected operator's approval in writing and a waiver of said Rule 318A.m. The well is planned as above at your request to maximize mineral recovery. Also enclosed is a Well Location Plat that shows the planned wellbore.

Should you find this acceptable please indicate so by signing the below section and returning the signed letter either via email to [cdoke@iptengineers.com](mailto:cdoke@iptengineers.com), by fax or in the enclosed envelope by mail. Please contact the undersigned at 303-216-0703 or 720-560-2700 with any questions.

Sincerely,

Clayton L. Doke  
Senior Engineer  
Peterson Energy, a Division of IPT  
Consultants to PICO Niobrara LLC

I, Jeff Schneider, officer, agent, or employee of Schneider Energy Services Inc, operator of the affected wells, with full power to execute the following, do hereby approve of the PICO Niobrara LLC Afton #12-16H-H well as listed above in Section 12 T1S-R68W and grant a waiver COGCC Rule 318A.m granting that this well may drilled as planned.

Signed Jeff Schneider this 16<sup>th</sup> day of August, 2013

STAY AHEAD OF THE CURVE.