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December 20, 2013

Matt Lepore, Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 800  
Denver, CO 80203

RE: Exception Location Request  
Pepper #1  
Section 5, 14S, 44W, 6th PM  
Cheyenne County, Colorado

Dear Mr. Lepore:

Pronghorn Operating LLC and its subsidiary Kuenzler and Flora Reserve Corporation (herein "Pronghorn"), as operator of the of Section 5, Township 14 South, Range 44 West, 6<sup>th</sup> P.M. (herein "Section 5"), Cheyenne County, Colorado hereby files the attached request for a spacing exception of Rule 318 a. per the provisions in Rule 318 c.

#### Background

Starting in late 2012 Pronghorn has successfully drilled and completed the Harley 1, Harley 2, Harley 3, Harley 4, and Harley 5 in Section 5, 14S, 44W also known as part of the Cheyenne Wells Field in Cheyenne County, CO.

Pronghorn has staked and requests to permit a development well, the Pepper 1 (SWNE, Sec. 5, 14S, 44W, 6pm), located 993 ft to the south of the Harley 2. The Pepper 1 is located 1691 ft FNL and 2034 ft FEL and as such fall outside spacing requirements per Rule 318 a. stating a well greater than 2500 ft shall not be located less than 1200 ft from any other producing oil well from the same source of supply. To note section 5 is irregular and less than one mile from north to south causing compression of normally spaced well locations.

#### Spacing Request

In accordance with the provisions of Rule 318 c. Pronghorn has under lease 100% of the lands under the proposed well location and owns 100% of the well being encroached upon, the Harley 2, and as such poses no impact to the correlative rights of any mineral owner or lessee. Furthermore the proposed location is greater than 600' from existing lease and property lines.

It is hereby requested the Colorado Oil and Gas Conservation Commission grant a Spacing Exception allowing the Pepper 1 to be permitted and drilled at the below location:

Pepper 1  
1691' FNL, 2034' FEL, Section 5, 14S, 44W, 6th PM  
Cheyenne County, Colorado

Sincerely,

A handwritten signature in blue ink, appearing to read "Jacob M. Flora". The signature is fluid and cursive, with the first name "Jacob" being the most prominent.

Jacob Flora  
Partner