

08/26/2014

VIA ELECTRONIC TRANSMITTAL

Colorado Oil and Gas Conservation Commission
Attn: Matt Lepore, Director
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: 318A.m Exception Request

Johnson 01N-65W-30-3N Well: 205' FSL, 1,764' FWL, Sec. 30-T1N-R65W, Weld County, Colorado

Dear Mr. Lepore,

Verdad Oil & Gas Corp. (Verdad) hereby respectfully requests an exception to COGCC rule 318A.m which states that no horizontal wellbore lateral shall be located less than one hundred fifty (150) feet from any existing or permitted oil or gas wellbore. The offset well (Lehl 1; API# 05-123-08027) has been evaluated per the COGCC Horizontal Offset Policy and the evaluation has shown that the Lehl 1 was plugged sufficiently in May, 1996. Further, the operator (Denver East Machinery Company) that plugged the well is no longer operating the well or retaining any mineral leasehold in the subject section. Thus, Verdad respectfully requests the Director grant an exception for the need to obtain a waiver from Denver East Machinery Company for encroachment upon the Lehl 1. Should you have any questions or concerns please contact the undersigned at (214) 728 -1840.

Sincerely,

A handwritten signature in blue ink that reads "L. Arthur Beecherl, IV". The signature is stylized with a large, sweeping "L" and a distinct "IV" at the end.

L. Arthur Beecherl, IV
Vice President of Operations
Verdad Oil and Gas Corporation
5950 Cedar Springs Road, Suite 200
Dallas, TX 75235