

APPLICATION FOR PERMIT TO:


<input checked="" type="checkbox"/> Drill, <input type="checkbox"/> Deepen, <input type="checkbox"/> Re-enter, <input type="checkbox"/> Recombine and Operate		Refilling <input checked="" type="checkbox"/> Sidetrack		Plugging Bond Surety ID#	
1. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input type="checkbox"/> COALBED <input type="checkbox"/> OTHER: <input type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>					
2. Name of Operator: KGH Operating Company 4. COGCC Operator Number: 47200					
3. Address: P.O. Box 2235					
City: Billings State: MT Zip: 59103					
Contact Name: Joe Dyk Phone: (970) 250-9770 Fax: (970) 858-4163					
Well Name: Federal Well Number: 24-15 ST					
Unit Name (if appl): Unit Number:					
Proposed Total Measured Depth: 5158					
10. QtrQtr: NWNWNE Sec: 25 Twp: 1S Rng: 104W Meridian: 6th					
Latitude: 39.938517 Longitude: 109.015564					
Footage At Surface: 340' N 2214' E					
Field Name: Gilsomite Field Number:					
Ground Elevation: 6703' 13. County: Rio Blanco					
14. GPS Data:					
Date of Measurement: 02/06/2006 PDOP Reading: 2.1 Instrument Operator's Name: Robert L. Kay					
15. If well is: <input checked="" type="checkbox"/> Directional <input type="checkbox"/> Horizontal (highly deviated), submit deviated drilling plan. Bottomhole Sec Twp Rng: Sec. 24, 1S-104W					
Footage At Top of Prod Zone: <input type="checkbox"/> At Bottom Hole: 221' S 2516' E					
16. Is location in a high density area (Rule 603b)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 10 miles					
17. Distance to the nearest building, public road, above ground utility or railroad:					
18. Distance to Nearest Property Line: 340' 19. Distance to nearest well permitted/completed in the same formation: 1254' S. 24-14					
20. LEASE, SPACING AND POOLING INFORMATION					
Objective Formation(s)	Formation Code	Spacing Order Number (s)	Unit Acreage Assigned to Well	Unit Configuration (N12, SE14, etc.)	
Mancos B	1MNC5		40		
21. Mineral Ownership: <input type="checkbox"/> Fee <input checked="" type="checkbox"/> State <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Indian Lease # COC-066739					
22. Surface Ownership: <input type="checkbox"/> Fee <input checked="" type="checkbox"/> State <input checked="" type="checkbox"/> Federal <input type="checkbox"/> Indian Surface Surety ID#					
23. Is the Surface Owner also the Mineral Owner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
23b. If 23 is No: <input type="checkbox"/> Surface Owners Agreement Attached or <input type="checkbox"/> \$25,000 Blanket Surface Bond <input type="checkbox"/> \$2,000 Surface Bond <input type="checkbox"/> \$5,000 Surface Bond					
24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):					
25. Distance to Nearest Mineral Lease Line: 340' 26. Total Acres in Lease: 160					
DRILLING PLANS AND PROCEDURES					
27. Is H2S anticipated? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, attach contingency plan.					
28. Will salt sections be encountered during drilling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
29. Will salt (>15,000 ppm TDS Ct) or oil based muds be used during drilling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
30. If questions 27 or 28 are Yes, is this location in a sensitive area (Rule 903)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 28, 29 or 30 are "Yes" a pit permit may be required.					
31. Mud disposal: <input type="checkbox"/> Onsite <input checked="" type="checkbox"/> Land Spreading <input type="checkbox"/> Disposal Facility <input type="checkbox"/> Other:					
NOTE: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.					
String	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Cement Bottom
Surface	12 1/4	9 5/8	36#	491'	491' Surface
Production	8 3/4	5 1/2	15.5	5158'	5158' 491'
Stage Tool					
32. BOP Equipment Type: <input checked="" type="checkbox"/> Annular Preventor <input checked="" type="checkbox"/> Double Ram <input type="checkbox"/> Rotating Head <input type="checkbox"/> None					
33. Comments:					
34. Initial Rule 306 Consultation took place on (date) _____, was waived, or is not required. Provide supporting documentation if consultation has been waived or if good faith effort did not result in consultation.					
PERMIT SUBMITTED TO COGCC PRIOR TO COMPLIANCE WITH RULE 306 CONSULTATION SHALL BE RETURNED UNAPPROVED.					
I hereby certify that a complete permit package has been sent to the applicable Local Government Designee(s), and all statements made in this form are, to the best of my knowledge, true, correct, and complete.					
Signed: _____ Print Name: Thomas M. Hauptman					
Title: President Date: 8/24/2006 Email:					

Based on the information provided herein, this Application for Permit-to-Draft complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: Date: 11-6-2009

Permit Number: 20064424 Expiration Date: 11-5-2010

API NUMBER
05-103-1084-01

David S. Nozlin  CONDITIONS OF APPROVAL FOR THIS SIDETRACK ARE THE SAME AS THOSE ON THE PERMIT FOR THE ORIGINAL HOLE.