

1.  Drill,  Deepen,  Re-enter,  Recomplete and Operate

2. TYPE OF WELL OIL  GAS  COALBED  OTHER: SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES

Refilling  Sidetrack

3. Name of Operator PRB Oil & Gas, Inc. 4. COGCC Operator Number: 10203 5. Address: 1875 Lawrence Street, Suite 450 City: Denver State: CO Zip: 80202 6. Contact Name: Mike Purfield Phone: 303-308-1330 xt 108 Fax: 303-308-1590 7. Well Name: Schlacter Well Number: 943-22-23 8. Unit Name (if appl): Unit Number: 9. Proposed Total Measured Depth: 3000'

Attachment Checklist table with columns for OP and COGCC, listing items like APD Orig & 1 Copy, Form 2A, Well location plat, etc.

10. QtrQtr: NE/4 SW/4 Sec: 22 Twp: 9N Rng: 43W Meridian: 6th PM 11. Field Name: Lone Duck Unnamed Field Number: 85251 -53165 12. Ground Elevation: 3642' 13. County: Phillips 14. GPS Data: Date of Measurement: 4/19/2007 PDOP Reading: 2.053 Instrument Operator's Name: Neal McCormick

15. If well is:  Directional  Horizontal (highly deviated), submit deviated drilling plan. 16. Is location in a high density area (Rule 603b)?  Yes  No 17. Distance to the nearest building, public road, above ground utility or railroad: 150' + 18. Distance to Nearest Property Line: 600' + 19. Distance to nearest well permitted/completed in the same formation: 1633 4200' +

20. LEASE, SPACING AND POOLING INFORMATION table with columns: Objective Formation(s), Formation Code, Spacing Order Number (s), Unit Acreage Assigned to Well, Unit Configuration (N/2, SE/4, etc.) 21. Mineral Ownership:  Fee  State  Federal  Indian 22. Surface Ownership:  Fee  State  Federal  Indian 23. Is the Surface Owner also the Mineral Owner?  Yes  No 23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease?  Yes  No 23b. If 23 is No:  Surface Owners Agreement Attached or  \$25,000 Blanket Surface Bond  \$2,000 Surface Bond  \$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): T9N, R43W, Sec. 22: SW/4 25. Distance to Nearest Mineral Lease Line: 629 600' + 26. Total Acres in Lease: 160

27. Is H2S anticipated?  Yes  No If Yes, attach contingency plan. 28. Will salt sections be encountered during drilling?  Yes  No 29. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling?  Yes  No 30. If questions 27 or 28 are yes, is this location in a sensitive area (Rule 903)?  Yes  No If 28, 29 or 30 are "Yes" a pit permit may be required. 31. Mud disposal:  Offsite  Onsite Method:  Land Farming  Land Spreading  Disposal Facility  Other: Evap. & Burial

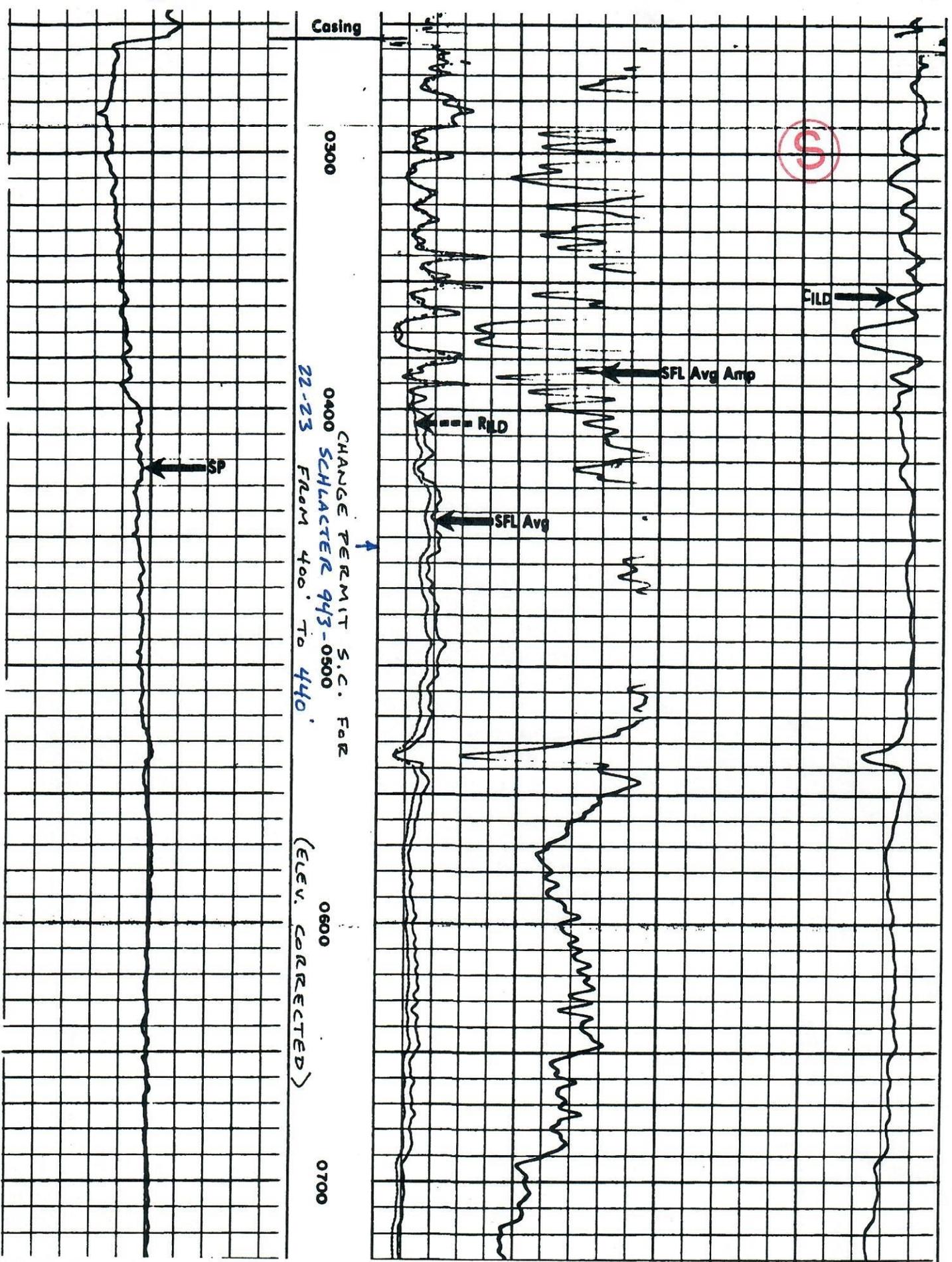
NOTE: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b.) If air/gas drilling, notify local fire officials. 32. BOP Equipment Type:  Annular Preventor  Double Ram  Rotating Head  None 33. Comments 34. Initial Rule 306 Consultation took place on (date) 4/24/2007 was waived, 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: Mike Purfield Title: Vice President Print Name: Mike Purfield Date: 4/26/07 Email: mpurfield@prbenergy.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved. COGCC Approved: [Signature] Director of COGCC Date: 6/13/07 Permit Number: 20072271 Expiration Date: 6/12/08

API NUMBER 05-095-06131-00

CONDITIONS OF APPROVAL, IF ANY:

1) Provide 24 hour notice of MIRU to Kevin Lively at 970-522-6747. 2) Note change in surface casing setting depth. Set surface casing at least 50' into Pierre Shale for aquifer coverage (440' minimum). Cement to surface. Setting surface casing less than the approved depth shown above is a permit violation unless prior written approval is obtained from COGCC. 3) If dry hole, set 35 sks cement above Niobrara, 35 sks cement 1/2 in 1/2 out of surface casing, 10 sks cement top of surface casing, cut 4' below GL, weld on plate, 5 sks cement in rat hole & 5 sks cement in mouse hole.



095-06042 HAROLD A # 1 CNW 21-9N-43W GS = 3655'



**SURFACE CASING CHECK**

Well Name SCHLACTER 943-22-23

New Drill  Refiling  Deepen  Re-Enter  Recomplete and Operate  Plug and Abandon  Casing Repair

Deepest Water Well w/in <sup>Two</sup> ~~One~~ Miles 3642 - 3255 + 50 = 437'

Operator-Proposed Surface Casing Depth 400'

Actual Surface Casing Depth \_\_\_\_\_

Change Permit Surface Casing Depth from 400' to 440'

OK on  this well's or  offset well's induction log at 440'

D.A.  
5/7/2007



Selected Items Report

Oil and Gas Wells Selected				PR ≤ 2.0 MILES:			
Filter Results by Formation Include				Filter NBRR, DKTA			
WELL DESCRIPTION		LOCATION		WELL INFORMATION			
<b>Facilities Selected</b>							
FACILITY DESCRIPTION		LOCATION		PIT INFORMATION			
				Type	Unlined	Status	
<b>Water Wells Selected From Map</b>							
* Filter Results by Depth Greater than 0				Filter			
WELL DESCRIPTION		LOCATION		WELL INFORMATION			
				Depth	Top Perf	Bottom Perf	Aquifer
Receipt=9054552, Permit=0018177-F- FULSCHER MAX		SESE 9 9N-43W		330 <del>300</del>	0	0	GW
Receipt=9054559, Permit=0018360-F- KELSO HAROLD GENE & VIRGINIA L		NWSE 10 9N-43W		300	0	0	GW
Receipt=9054431, Permit=0012373-F- HIATT WAYNE E		NWNE 14 9N-43W		362	0	0	GW
Receipt=9054432, Permit=0012374-F- HIATT WAYNE E & DORIS S		NWNW 14 9N-43W		365	0	0	GW
Receipt=9054251, Permit=0004333-F- FULSCHER MAX		NWNE 15 9N-43W		283	0	0	TO
Receipt=9054556, Permit=0018268-- FULSCHER MAX		SWNW 15 9N-43W		230	0	0	GW
Receipt=9054506, Permit=0015318-F- FULSCHER MAX		NWSE 15 9N-43W		295	0	0	GW
Receipt=9054620, Permit=0019589-F- FULSCHER MAX		NWSW 15 9N-43W		299	0	0	GW
Receipt=0448109A, Permit=0218894-- FULSCHER MARY		NWNE 16 9N-43W		150	0	0	GW
Receipt=0448109B, Permit=0218894--A FULSCHER MARY		NWNE 16 9N-43W		295	215	295	TO
Receipt=9054439, Permit=0012817-F- FULSCHER MAX		SWNE 16 9N-43W		286	0	0	GW
Receipt=9054503, Permit=0014955-FP- VIESELMAYER DALE		SW 16 9N-43W		335	0	0	GW
Receipt=0056487B, Permit=0020017-FP- REIFENRATH MARK		NESW 17 9N-43W		334	26	334	TO
Receipt=9053499, Permit=0012421-FP- REIFENRATH MARK		NWSE 20 9N-43W		340	0	0	TO
Receipt=9053653, Permit=0015332-FP- DIRKS DEREK & MARLENE		SENE 22 9N-43W		312	0	0	TO
Receipt=9053654, Permit=0015333-FP- DIRKS DAVID & JULIE		SENE 22 9N-43W		306	0	0	TO
Receipt=0056697, Permit=0019105-FP- SCHLACHTER STEVEN & JUDITH ANN		SESE 22 9N-43W		330	180	322	TO
Receipt=0391423, Permit=0191134--A MURRAY AUDREY		SWNW 34 9N-43W		280	200	280	GW
Receipt=0392552, Permit=0191134-- MURRAY AUDREY		SWNW 34 9N-43W		150	0	0	GW

Well name and number:

Schlacter 943-22-23



**Survey Plat Check list**

number	Item	
	8-1/2" x 11" scaled drawing of the entire section	✓
1	Dimensions on adjacent exterior section lines sufficient to completely describe the quarter section containing the proposed well shall be indicated	✓
1a	If dimensions are not field measured, state how the dimensions were determined	✓
2	The latitude and longitude of the proposed well location shall be provided on the drawing with a minimum of five (5) decimal places of accuracy and precision using the North American Datum (NAD) of 1983 (e.g.; latitude 37.12345 N, longitude 104.45632 W). If GPS technology is utilized to determine the latitude and longitude, all GPS data shall meet the requirements set forth in Rule 215. a. through h.	✓
2a	PDOP value <7 if GPS used	✓
2b	5 decimal places of accuracy & precision	✓
2c	NAD 1983	✓
3	For directional drilling into an adjacent section, that section shall also be shown on the location plat and dimensions on exterior section lines sufficient to completely describe the quarter section containing the proposed productive interval and bottom hole location shall be indicated. (Additional requirements related to directional drilling are found in Rule 321.)	NA
4	For irregular, partial or truncated sections, dimensions will be furnished to completely describe the entire section containing the proposed well.	NA
5	The field-measured distances from the nearer north/south and nearer east/west section lines shall be measured at ninety (90) degrees from said section lines to the well location and referenced on the plat. For unsurveyed land grants and other areas where an official public land survey system does not exist, the well locations shall be spotted as footages on a protracted section plat using Global Positioning System (GPS) technology and reported as latitude and longitude in accordance with Rule 215.	✓
6	A map legend	✓
7	A North Arrow	✓
8	A scale expressed as an equivalent (e.g. 1" = 1000').	✓
9	A bar scale.	✓
10	The ground elevation.	✓
11	The basis of the elevation (how it was calculated or its source).	✓
12	The basis of bearing or interior angles used.	✓
13	Complete description of monuments and/or collateral evidence found; all aliquot corners used shall be described.	✓
14	The legal land description by section, township, range, principal meridian, baseline and county.	✓
15	Operator name	✓
16	Well name and number	✓
17	Date of completion of scaled drawing	✓
18	All visible improvements within two hundred (200) feet of a wellhead (or, in a high density area within four hundred (400) feet of a wellhead) shall be physically tied in and plotted on the well location plat or on an addendum, with a horizontal distance and approximate bearing from the well location.	-
18a	Visible improvements shall include, but not be limited to, all buildings, publicly maintained roads and trails, major above ground utility lines, railroads, pipelines, mines, oil wells, gas wells, injection wells, water wells, visible plugged wells, sewers with manholes, standing bodies of water, and natural channels including permanent canals and ditches through which water flows.	-
18b	If there are no visible improvements within two hundred (200) feet of a wellhead (or in a high density area within four hundred (400) feet of a wellhead), it shall be so noted on the Permit-to-Drill, Form 2.	✓
19	Surface use shall be described within the two hundred (200) foot radius of a wellhead (or in a high density area within the four hundred (400) foot radius of a wellhead).	✓

**The survey plat you submitted with your permit was found to be in non-compliance with COGCC rule 303c. See above checklist. If a survey plat is not in compliance with rule 303c the operator will be notified and the permit will be placed on hold until an adequate replacement is supplied to the COGCC.**

NA