FORM 2 Rev 12/05

State of Colorado
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303)894-2100 Fax:(303)894-2109

APPLICATION FOR PERMIT TO:

1. [X] Drill, [ ] Deepen, [ ] Re-enter, [ ] Recomplete and Operate

2. TYPE OF WELL: OIL [ ] GAS [X] COALBED [ ] OTHER: SINGLE ZONE [ ] MULTIPLE ZONES [X] COMMINGLE ZONES [X]
Refiling [ ] Sidetrack [ ]

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Plugging Bond Surety ID# 20080060 08-29 20080059

Complete the Attachment Checklist

Attachment Checklist	OP	COGCC
APD Orig & 1 Copy	X	✓
Form 2A	X	✓
Well location plat	X	✓
Topo map	X	✓
Mineral lease map		
Surface agrmt/Surety		
30 Day notice letter	X	10/23/08
Deviated Drilling Plan		
Exception Location Request		
Exception Loc Waivers		
H2S Contingency Plan		
Federal Drilling Permit		

3. Name of Operator: HRM Resources LLC 4. COGCC Operator Number: 10273
5. Address: 410 17th St. Ste 1200
City: Denver State: CO Zip: 80202
6. Contact Name: Andy Peterson Phone: (970) 669-7411 Fax: (970) 669-4077
7. Well Name: Carlson ✓ Well Number: 12-18 ✓
8. Unit Name (if appl): Unit Number:
9. Proposed Total Measured Depth: 8640' ✓

WELL LOCATION INFORMATION

10. QtrQtr: SWNW ✓ Sec: 18 ✓ Twp: 1S ✓ Rng: 67W Meridian: 6th
Latitude: 39.96650 °N ✓ Longitude: 104.93808° W ✓
Footage At Surface: 1930 FNL/FSL: FNL 615' ✓ FEL/FWL: FWL
11. Field Name: ~~Wattenberg~~ SPINDLE Field Number: 77900 ~~90750~~
12. Ground Elevation: 5220' ✓ 13. County: Adams
14. GPS Data:
Date of Measurement: 8/18/2008 ✓ PDOP Reading: 1.7 ✓ Instrument Operator's Name: Mark Angell
15. If well is: [ ] Directional [ ] Horizontal (highly deviated), **submit deviated drilling plan.** Bottomhole Sec Twp Rng:
Footage At Top of Prod Zone: FNL/FSL FEL/FWL At Bottom Hole: FNL/FSL FEL/FWL
16. Is location in a high density area (Rule 603b)? [ ] Yes [X] No
17. Distance to the nearest building, public road, above ground utility or railroad: 357'
18. Distance to Nearest Property Line: 287' 19. Distance to nearest well permitted/completed in the same formation: 965 ~~2722~~

LEASE, SPACING AND POOLING INFORMATION

20.

Objective Formation(s)	Formation Code	Spacing Order Number (s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
Niobrara	NBRR	407-93 (318A)	40 ~~480~~	W/2 ~~SW/4~~ NW/4
Codell	CODL	407-87 (318A)	40 ~~480~~	W/2 ~~SW/4~~ NW/4
J Sand	JSND	232-23	320	W/2 ✓

21. Mineral Ownership: [X] Fee ✓ [ ] State [ ] Federal [ ] Indian Lease #
22. Surface Ownership: [X] Fee ✓ [ ] State [ ] Federal [ ] Indian
23. Is the Surface Owner also the Mineral Owner? [X] Yes [ ] No Surface Surety ID# 2008-0120 ✓
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? [ ] Yes [X] No
23b. If 23 is No: [ ] Surface Owners Agreement Attached or [X] $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):
T1S R67W Sec. 18 NW/4
25. Distance to Nearest Mineral Lease Line: 615' ✓ 26. Total Acres in Lease: 160

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? [ ] Yes [X] No If Yes, attach contingency plan.
28. Will salt sections be encountered during drilling? [ ] Yes [X] No
29. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling? [ ] Yes [X] No
30. If questions 27 or 28 are yes, is this location in a sensitive area (Rule 903)? [ ] Yes [X] No **If 28, 29 or 30 are "Yes" a pit permit may be required.**
31. Mud disposal: [X] Offsite [ ] Onsite
Method: [ ] Land Farming [X] Land Spreading [ ] Disposal Facility [ ] 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	Sacks Cement	Cement Bottom	Cement Top
Surface	12-1/4"	8-5/8"	24#	~~1050'~~ 1110'	800 sx +/-	~~1050'~~ 1110'	0
Production	7-7/8"	4-1/2"	11.6#	8640'	230 sx	8640'	7290'
			Stage Tool	5280'	250	5280'	4880'

32. BOP Equipment Type: [ ] Annular Preventor [X] Double Ram [ ] Rotating Head [ ] None
33. Comments No conductor casing will be run.
TWINNING EXISTING GREEN #3
34. Initial Rule 306 Consultation took place on (date) 10/27/2008, 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: Andy Peterson
Title: Vice President of Operations Date: 11/06/2008 Email: andy.peterson@petersonenergy.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: David S. Neslin DSN Director of COGCC Date: 8/27/09

Permit Number: 20087881 Expiration Date: 8/26/10

API NUMBER 05- 001-09709-00

CONDITIONS OF APPROVAL, IF ANY:

1) Note surface casing setting depth change from 1050' to 1110'. Increase cement coverage accordingly. 2) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us. 3) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and 200' above Sussex. Verify coverage with cement bond log. Restore surface location.