

May 16, 2011

David Neslin, Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

**RE: Variance Request Rule 303.d.(5)
Oil and Gas Location Assessment
Island Grove Directional Project #1
City of Greeley, Weld County, Colorado**



**LAMP RYNEARSON
& ASSOCIATES**
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Dear Mr. Neslin:

Mineral Resources has submitted an Oil and Gas Location Assessment (COGCC Document 400052058) for the Island Grove Directional Project #1. Based on Rule 303.d.(5), the Oil and Gas Location Assessment for this project is considered an informational report due to the location of the project. According to COGCC Rules, the report is considered informational and a Permit-to-Drill shall be submitted concurrently. In this case however, the Oil and Gas Location Assessment was submitted without a Permit-to-Drill. To my understanding, the Oil and Gas Location Assessment has completed the review process and is being held by the COGCC staff until a Permit-to-Drill is submitted.

The project, which is covered by the Oil and Gas Location Assessment, is a multiple well project and will consist of up to 22 wells. In addition, the location is within the City of Greeley and requires a separate approval process for land use. Due to the complexity of this project, it would be advantageous to have the Oil and Gas Location Assessment approved prior to approval of the Permits-to-Drill.

Mineral Resources plans to drill the wells in phases. The Phase I Drilling Program is anticipated to begin in the winter of 2011/2012 and consist of 5 to 10 wells. Under normal conditions, it is anticipated that drilling will take 5 to 8 days per well. We will submit Applications for Permit-to-Drill with sufficient time to meet the drilling schedule.

Under Rule 502.b, we respectfully request that you grant a variance to Rule 303.d.(5) and approve the Oil and Gas Location Assessment without a Permit-to-Drill being submitted concurrently. We feel the request does not violate the basic intent of the Oil and Gas Conservation Act, since the operator has made a good faith effort to comply with the rules.

Sincerely,

LAMP, RYNEARSON & ASSOCIATES, INC.

Daniel Hull
Designated Agent
Mineral Resources, Inc.

ddh/jz

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