



MINERAL RESOURCES, INC.

Mail: P.O. Box 328 Greeley, Colorado 80632 * Phone: 970.352.9446 * Fax: 970.339.8321

May 23, 2011

Jim L Ells
2435 71st Avenue
Greeley, CO 80634

RE: SETBACK WAIVER FOR COGCC RULES 603E.(2) & 603E.(3)

Dear Mr. Ells,

Rule 603e.(2) of the Rules of the Colorado Oil and Gas Conservation Commission requires that any tract of land identified as a 'High Density Area' as defined by Rule 603b requires that at the time of initial drilling of the a well, that the wellhead location shall be not less than three hundred fifty (350) feet from any building unit, educational facility, assembly building, hospital, nursing home, board and care facility, or jail.

Rule 603e.(3) of the Rules of the Colorado Oil and Gas Conservation Commission requires that any tract of land identified as a 'High Density Area' as defined by Rule 603b requires that at the time of initial installation or construction, production tanks, pits, or associated on-site production equipment shall be located not less than three hundred fifty (350) feet from any building unit.

Due to the site layout and proximity of building units on your property as described in "Exhibit A" attached hereto and made part hereof, it is unfeasible to comply with the requirements of rule 603e.(2) and rule 603e.(3). Therefore, Mineral Resources, Inc., as operator, here by requests that you, as the surface owner and the building unit owner, waive the requirements of rule 603e.(2) and 603e.(3) under the high density requirements of rule 603b and reduce the setback respectively from 350 feet to 200 feet.

Please sign and return this letter to affirm your acceptance of the proposed waiver and reduction of setback requirements.

Sincerely,

Logan A Richardson
Mineral Resources, Inc.

Accepted and signed this 24 of May 2011:

Jim L Ells

Exhibit "A"

All of the NW/4SW/4, lying and being West of Highway No. 85 and East of North 11th Avenue, City of Greeley, County of Weld, State of Colorado. Excepting therefrom the following tracts of land:

A tract of land conveyed to the City of Greeley by deed dated December 23, 2002 recorded in Weld County as Reception No. 3018283.

A tract of land conveyed to Monfort, Inc. by deed dated October 19, 1995 recorded in Weld County as Reception No. 2460479.

Also described as:

All that part of the Northwest Quarter of the Southwest Quarter (NW/4 SW/4) of Section 32, Township 6 North, Range 65 West of the 6th P.M. described as follows: Beginning at a point on the South line of the Northwest Quarter of the Southwest Quarter (NW/4 SW/4) of said Section 32, 1,000 feet East of the Southwest corner on the East bank of a slough; thence North 29°08' West 527.5 feet along the East bank of said slough; thence North 89°05' East 546.5 feet to the East line of the Northwest Quarter of the Southwest Quarter of said Section 32; thence South along the East line of said Northwest Quarter of the Southwest Quarter (NW/4 SW/4) to the Southeast corner of said Northwest Quarter of the Southwest Quarter (NW/4 SW/4) of said Section 32; thence West to the point of beginning, excepting therefrom:

A parcel of land as conveyed by Deed recorded in Book 1228 at Page 295 of the Weld County records;

A parcel of land as conveyed by Deed recorded in Book 1228 at page 298 of the Weld County records.

Also known by street and number as 722 North 11th Avenue, Greeley, Colorado

When Recorded Return To:

Mineral Resources, Inc
P.O. Box 328
Greeley, CO 80632