

FORM 2A Rev 04/01

State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



Table with columns DE, ET, OE, ES

Document Number: 400157400

Oil and Gas Location Assessment

[X] New Location [] Amend Existing Location Location#: _____

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations.

Location ID: 423727 Expiration Date: 06/22/2014

[X] This location assessment is included as part of a permit application.

1. CONSULTATION

- This location is included in a Comprehensive Drilling Plan. CDP # _____
This location is in a sensitive wildlife habitat area.
This location is in a wildlife restricted surface occupancy area.
This location includes a Rule 306.d.(1)A.ii. variance request.

2. Operator

Operator Number: 10354 Name: DAKOTA EXPLORATION LLC Address: 8801 S. YALE AVENUE, SUITE 120 City: TULSA State: OK Zip: 74137

3. Contact Information

Name: Fabrianna Venaducci Phone: (303) 2790789 Fax: (303) 2791124 email: fabrianna@jameskaro.com

4. Location Identification:

Name: State Number: 6-81-24-4 County: JACKSON Quarter: NWNW Section: 24 Township: 6N Range: 81W Meridian: 6 Ground Elevation: 8374
Footage at surface: 672 feet FNL, from North or South section line, and 1376 feet FWL, from East or West section line.
Latitude: 40.480070 Longitude: -106.441020 PDOP Reading: 1.7 Date of Measurement: 10/17/2010
Instrument Operator's Name: Randall Miller

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

Special Purpose Pits: [] Drilling Pits: [1] Wells: [1] Production Pits: [] Dehydrator Units: []
Condensate Tanks: [] Water Tanks: [1] Separators: [1] Electric Motors: [] Multi-Well Pits: []
Gas or Diesel Motors: [] Cavity Pumps: [] LACT Unit: [] Pump Jacks: [] Pigging Station: []
Electric Generators: [] Gas Pipeline: [1] Oil Pipeline: [] Water Pipeline: [] Flare: []
Gas Compressors: [] VOC Combustor: [] Oil Tanks: [4] Fuel Tanks: []
Other: 1 heater treater

6. Construction:

Date planned to commence construction: 06/15/2011 Size of disturbed area during construction in acres: 3.00
 Estimated date that interim reclamation will begin: 08/15/2011 Size of location after interim reclamation in acres: 2.00
 Estimated post-construction ground elevation: 8374 Will a closed loop system be used for drilling fluids: Yes
 Will salt sections be encountered during drilling: Yes No Is H2S anticipated? Yes No
 Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes No
 Mud disposal: Offsite Onsite Method: Land Farming Land Spreading Disposal Facility
 Other: _____

7. Surface Owner:

Name: _____ Phone: _____
 Address: _____ Fax: _____
 Address: _____ Email: _____
 City: _____ State: _____ Zip: _____ Date of Rule 306 surface owner consultation: 11/04/2010
 Surface Owner: Fee State Federal Indian
 Mineral Owner: Fee State Federal Indian
 The surface owner is: the mineral owner committed to an oil and gas lease
 is the executer of the oil and gas lease the applicant
 The right to construct the location is granted by: oil and gas lease Surface Use Agreement Right of Way
 applicant is owner
 Surface damage assurance if no agreement is in place: \$2000 \$5000 Blanket Surety ID _____

8. Reclamation Financial Assurance:

Well Surety ID: 20110078 Gas Facility Surety ID: _____ Waste Mgnt. Surety ID: _____

9. Cultural:

Is the location in a high density area (Rule 603.b.): Yes No
 Distance, in feet, to nearest building: 5280, public road: 821, above ground utilit: 5280
 , railroad: 5280, property line: 672

10. Current Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
 Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
 Subdivided: Industrial Commercial Residential

11. Future Land Use (Check all that apply):

Crop Land: Irrigated Dry land Improved Pasture Hay Meadow CRP
 Non-Crop Land: Rangeland Timber Recreational Other (describe): _____
 Subdivided: Industrial Commercial Residential

12. Soils:

List all soil map units that occur within the proposed location. Attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to used when segregating topsoil.

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.gov/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: Ca. Cabin Sandy Loam

NRCS Map Unit Name: Cyf. Cryorthents Steap

NRCS Map Unit Name: Fh. Fluetsch-Tiagos Association

13. Plant Community:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes No

Plant species from: NRCS or, field observation Date of observation: 12/09/2010

List individual species: _____

Check all plant communities that exist in the disturbed area.

- Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- Native Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)
- Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)
- Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)
- Mountain Riparian (Cottonwood, Willow, Blue Spruce)
- Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)
- Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)
- Alpine (above timberline)
- Other (describe): _____

14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: No Yes Was a Rule 901.e. Sensitive Areas Determination performed: No Yes

Distance (in feet) to nearest surface water: 906, water well: 2500, depth to ground water: 50

Is the location in a riparian area: No Yes Was an Army Corps of Engineers Section 404 permit filed No Yes

Is the location within a Rule 317B Surface Water Suppl Area buffer zone:

No 0-300 ft. zone 301-500 ft. zone 501-2640 ft. zone

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: No Yes

15. Comments:

Serves as pad and tank battery location for the proposed State 6-81-24-4 Well. Closest stream is 906' to the NW. HWY 14 is between the stream and the pad location. Closest water well is a stock water well in the SENE of Sec 23, located approximately 2500 feet to the SW. Surface owner is the State of Colorado. Surface Use Agreement is not required, however, consultation has been conducted and a \$5000 bond is being filed with State Land Board concurrent with the filing of the application. The reference area is located on undisturbed ground immediately adjacent to and SW of the pad, as shown in the "South" and "West" photos. Location photos are the reference area photos. Tank batteries are in compliance with Rule 604(a)(2).

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: _____ Date: 04/23/2011 Email: fabrianna@jameskaro.com

Print Name: Fabrianna Venaducci Title: Contract Landman

IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

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

Director of COGCC

Date: 6/23/2011

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

GENERAL SITES COAs:

Reserve pit must be lined or a closed loop system must be implemented during drilling.

Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.

Flowback and stimulation fluids must be sent to tanks before the fluids can be placed into any pipeline or pit located on the well pad. The flowback and stimulation fluid tanks must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material (per Rule 604.a.(4)).

Berms or other containment devices shall be constructed in compliance with Rule 604.a.(4) around crude oil, condensate, and produced water storage tanks.

The moisture content of any drill cuttings in a cuttings pit, trench, or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, the drill cuttings must also meet the applicable standards of table 910-1.

No portion of any pit that will be used to hold liquids shall be constructed on fill material, unless the pit and fill slope are designed and certified by a professional engineer, subject to review and approval by the director prior to construction of the pit. The construction and lining of the pit shall be supervised by a professional engineer or their agent. The entire base of the pit must be in cut.

Attachment Check List

| Att Doc Num | Name |
|-------------|--------------------|
| 2033818 | CORRESPONDENCE |
| 400157400 | FORM 2A SUBMITTED |
| 400157401 | NRCS MAP UNIT DESC |
| 400157402 | NRCS MAP UNIT DESC |
| 400157403 | NRCS MAP UNIT DESC |
| 400157405 | LOCATION DRAWING |
| 400157406 | LOCATION PICTURES |
| 400157407 | ACCESS ROAD MAP |
| 400157408 | HYDROLOGY MAP |

Total Attach: 9 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Notified the State Land Board this application is ready and will be approved. plg. | 6/22/2011 8:43:06 AM |
| Permit | ON HOLD: Dakota's bonds are in good order however there is a question about the surface location and our district manager, Lane Osborn, wishes for the surface access issue to be resolved. Should take about 2 months. Thanks, Tim Kelly. | 5/24/2011 10:08:44 AM |
| OGLA | Initiated/Completed OGLA Form 2A review on 05-10-11 by Dave Kubeczko; requested acknowledgement of fluid containment, spill/release BMPs, lined pit/closed loop, no pit in fill, flowback to tanks, tank berming, and cuttings low moisture content COAs from operator on 05-10-11; received clarifications and acknowledgement of COAs from operator on 05-11-11; no CDOW; passed OGLA Form 2A review on 05-17-11 by Dave Kubeczko; fluid containment, spill/release BMPs, lined pit/closed loop, no pit in fill, flowback to tanks, tank berming, and cuttings low moisture content COAs. | 5/10/2011 8:08:30 AM |
| Permit | Emailed Tim Kelly at SLB for verification of Surface Restoration Bond. plg. | 5/3/2011 11:40:06 AM |

Total: 4 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------|-----------------------|
| | |

Total: 0 comment(s)