

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
COC56873

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well  
 Oil Well     Gas Well     Other

2. Name of Operator  
FOUNDATION ENERGY MANAGEMENT

3a. Address  
321 SOUTH BOSTON SUITE 950  
TULSA, OK 74103

3b. Phone No. (include area code)  
918-585-1650

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
SWSW LOT 4 1226 FSL 633 FWL 39.957314 N LAT, 109.005422 W LON AT SURFACE  
SWSW LOT 4 607 FSL 650 FWL 39.955617 N LAT, 109.005358 W LON AT PRODUCING ZONE

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
BANTA RIDGE FEDERAL 4A-18-1-103

9. API Well No.

10. Field and Pool or Exploratory Area  
BANTA RIDGE

11. Country or Parish, State  
RIO BLANCO COUNTY

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>EXCEPTION</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>LOCATION</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Foundation Energy is requesting an exception location for the well: Banta Ridge Federal 4A-18-1-103. Legal Location:  
SWSW LOT 4 1226 FSL 633 FWL 39.957314 N LAT, 109.005422 W LON AT SURFACE  
SWSW LOT 4 607 FSL 650 FWL 39.955617 N LAT, 109.005358 W LON AT PRODUCING ZONE

This well does not meet the requirements of rule 318a of the COGCC rules: 300 SERIES DRILLING, DEVELOPMENT, PRODUCTION AND ABANDONMENT.

This rule states wells must be 1200 feet from other producible wells in the same zone.  
The 4A-18 violates this rule by being within 1200' of the BRF 4-18.  
The 4A-18 will be 627' from the BRF 4-18.

We believe that the current producing wells are not draining all of the reserves in the field. Based on calculated volumetrics in offset wells, the area shows a very low recovery factor which is often an indicator of small drainage area. The Mancos in this area is an oil reservoir, which is different than the typical Mancos B gas reservoir. For a low permeability rock like the Mancos B, there is typically a smaller drainage radius for oil than for gas. Attached you will find a map showing the locations and a sheet with volumetrics showing the calculated recovery factors for the wells.

For these reasons, we request an exception location be granted for the BRF 4A-18.

By agreeing, you waive the requirements of rule 318a of the COGCC's rules.

14. I hereby certify that the foregoing is true and correct.  
Name (Printed/Typed)  
J Matt Stark

Title Operations Engineer

Signature 

Date 09/15/2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by **/s/ Ester M. McCullough** ASSOCIATE FIELD MANAGER

Date **SEP 23 2011**

Office **White River Field Office-Meeker, CO**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

## GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations and reports of such operations when completed as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local area or regional procedures and practices, are either shown below, will be issued by or may be obtained from the local Federal office.

## SPECIFIC INSTRUCTIONS

*Item 4* - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

*Item 13* - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to the top of any tubing left in the hole; method of closing top of well and date well site conditioned for final inspection looking for approval of the abandonment.

## NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

**PRINCIPAL PURPOSE:** The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c) and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

**ROUTINE USES:** Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

**EFFECT OF NOT PROVIDING THE INFORMATION:** Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

**BURDEN HOURS STATEMENT:** Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0137), Bureau Information Collection Clearance Officer (WO-630), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

These calculations performed assuming a black oil system in the following wells. These show that using a 40 acre drainage radius on these wells leads to a very low RF.

<b><u>Banta Ridge 12A-18</u></b>		<b>20 Acre OOIP</b>	<b>40 Acre OOIP</b>
h	78	798764 bo	1597527 bo
Bo	1		
por	12%	<b>Rec Factor 23%</b>	Rec Factor 11%
Sw	0.45		
multiplier	7758		
EUR	180000		

<b><u>Banta Ridge 4-18</u></b>		<b>20 Acre OOIP</b>	<b>40 Acre OOIP</b>
h	49	418156 bo	836312 bo
Bo	1		
por	10%	<b>Rec Factor 8%</b>	Rec Factor 4%
Sw	0.45		
multiplier	7758		
EUR	35000		

<b><u>Banta Ridge 7-18</u></b>		<b>20 Acre OOIP</b>	<b>40 Acre OOIP</b>
h	48	532509 bo	1065018 bo
Bo	1		
por	13%	<b>Rec Factor 4%</b>	Rec Facotor 2%
Sw	0.45		
multiplier	7758		
EUR	22000		



Request for Location Exceptions

Wells 6-18, 5-18, 4-18, 12A-18, and 4A-18 are on Lease COC-56873, which has a royalty rate of 12.5%. Well 7-18 is on Lease COC-10178, which also has a royalty rate of 12.5%. If drainage should occur, there would be no loss of Federal revenue by permitting these wells to produce.

Betty Lau

September 23, 2011