

# Cholla Production, LLC

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November 8, 2011

Colorado Oil and Gas Conversation Commission  
Attn: Mr. David Neslin  
1120 Lincoln Street, Suite 801  
Denver, CO 80202

Re: Request for Approval of Exception Location Under Rule 318.c  
Baldwin #2-18 Well  
1586' FNL and 2083' FEL, Section 18  
Township 32S, Range 44 West, 6<sup>th</sup> P.M.  
Baca County, Colorado

Dear Sir:

Cholla Production, LLC proposes to drill the captioned oil and gas well (the "Subject Well") at the above described location. Due to our geologic interpretation, Cholla plans to drill the Subject Well at a Rule 318.a exception location at 564' from the nearest lease line instead of the required 600'.

Attached are copies of the signed notices of the two (2) offsetting mineral owners who have waived Rule 318.a. and consented to the proposed Subject Well location.

This is to respectfully request that the Director approve this Exception Location under Rule 318.c. and authorize the Exception Location for the Subject Well.

Should you have any questions, please contact our office. Thank you in advance for your consideration and cooperation with us in this regard.

Respectfully,  
**Cholla Production, LLC**

  
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Emily Hundley-Goff Owner/Manager

Enclosures