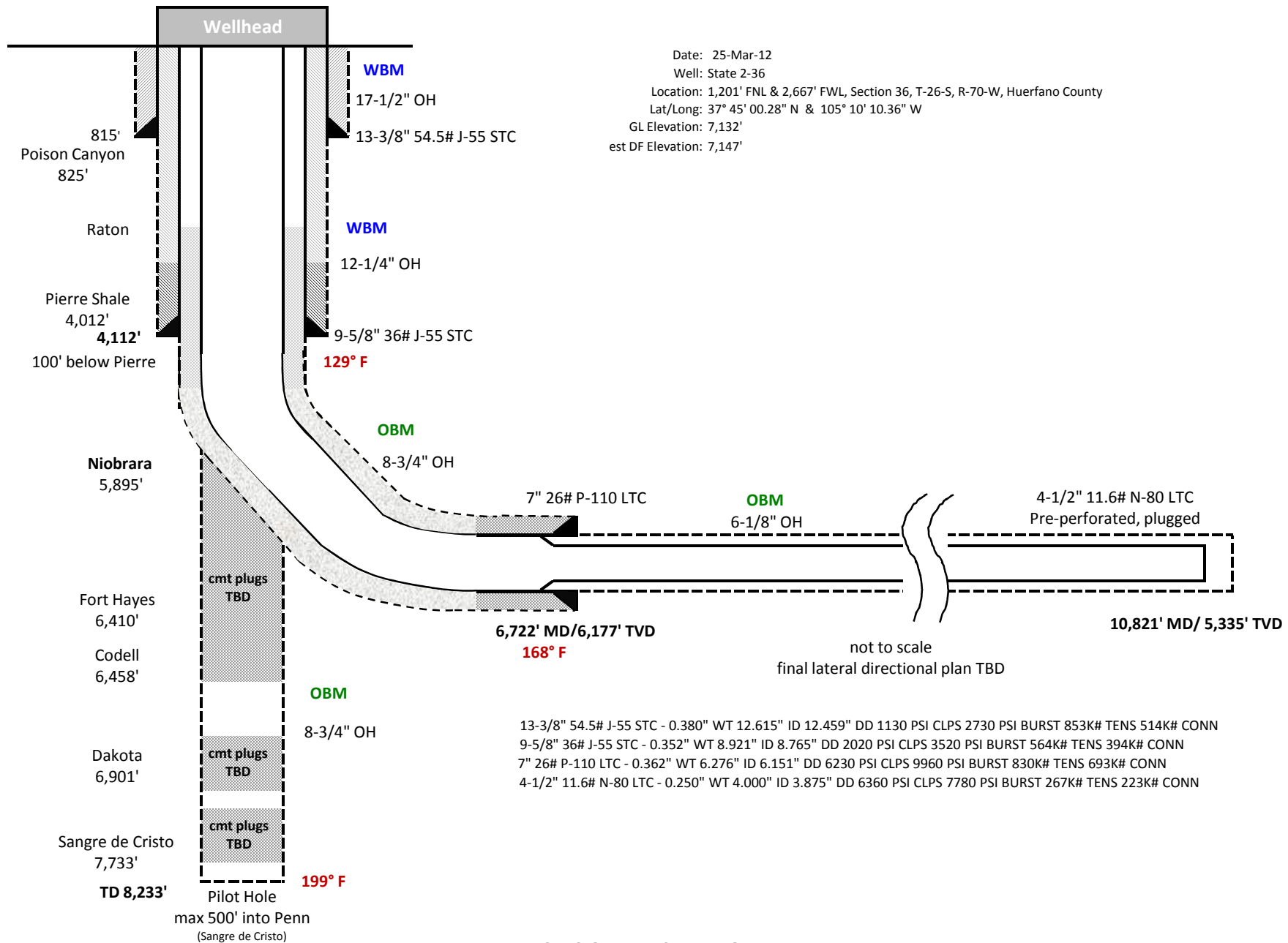


State 2-36



SASQUATCH NIOBRARA
HUERFANO COUNTY, COLORADO

Drilling and Completion Plan – Pilot and Horizontal Hole

This well is a “toe-up” horizontal well with a pilot hole. See attached directional plan for well.

Hole sizes and depths of casing strings will vary by hole and are detailed on Form 2. All casing will be new, range 3 casing.

After setting the intermediate casing on this well, a vertical or near-vertical pilot hole will be drilled penetrating the Niobrara, into the underlying Carlile formation. After obtaining appropriate geological data from the pilot hole, the main lateral borehole will be sidetracked away from the pilot hole and drilled to TD.

The purpose of the pilot hole is to obtain subsurface data that cannot easily be obtained in the horizontal production section. The pilot hole provides the following:

- Wellbore for obtaining core samples,
- The near-vertical trajectory of pilot hole is preferred for open hole logs over the toe-up horizontal section,
- Formation data obtained from the pilot hole greatly improves accuracy of depth control during drilling of the subsequent horizontal section.

Subsequent to obtaining all necessary subsurface data from pilot hole, the pilot hole will be plugged back with cement and an open-hole sidetrack will be performed to drill the lateral portion of the wellbore.

Completion of the main lateral borehole will consist of an open-hole section covered by a perforated or slotted liner run to the well TD by the drilling rig. The producing interval will be the Niobrara Formation and will start below the intermediate casing string set point near the top of the Niobrara Formation. If drilling with casing is required, a contingency will be to perforate the liner once landed in the well.

Artificial lift will consist of a sucker rod and pump jack system. The tubing will be run near the low spot of the well, the “heel”, and anchored above the producing interval. The sucker rods will be run with the pump set near the end of the tubing. All tubing and sucker rod equipment will be run with a BOP package and a kill weight completion fluid system. The well will be initially swabbed for fluid clean up and flow testing. Frac'ing or additional reservoir stimulation methods will not be applied to this first exploration well.