

BANKO

PETROLEUM MANAGEMENT INC.

Via USPS Certified Mail

Mr. Brad Peterson
Lost Creek Land & Cattle Company
P.O. Box 85
Roggen, CO 80652

June 5, 2012

RE: Statewide setback exception location waiver request
Hilcorp Energy Company
State 14-9-16CH
SHL: 140' FSL 690' FWL (SW/4 SW/4)
Sec. 9 T3N R62W
BHL: ±600' FSL ±500' FWL (SW/4 SW/4)
Sec. 16 T3N R62W
Weld County, Colorado
Surface: Fee
SHL State Mineral Lease: ST7873.3
BHL State Mineral Lease: ST7972.4

Dear Mr. Peterson:

Hilcorp Energy Company (Hilcorp) hereby requests the Colorado Oil and Gas Conservation Commission (COGCC) Director's approval for a statewide setback location exception waiver for the above referenced well. The well does not conform to the COGCC Rule 603.a.(2), pertaining to the Application for Permit to Drill (APD), for statewide setback requirements due to topographical constraints. The preferred location was agreed upon by Hilcorp and Lost Creek Land & Cattle Company at an onsite meeting held December 14, 2011.

COGCC Rule 603.a.(2) states that "a well shall be a minimum distance of one hundred fifty (150) feet from a surface property line." The above referenced well is located 140' from the South line of the section due to topographical constraints which violates COGCC Rule 603.a.(2).

The wellsite was originally staked at 140' FSL 690' FWL (SW/4 SW/4) of Sec. 9 T3N R62W on November 30, 2011, by Daley Land Surveying, Inc., surveyor, on a site that was geologically and topographically acceptable. The Bottom Hole Location (BHL) is located at ±600' FSL ±500' FWL (SW/4 SW/4) of Sec. 16 T3N R62W.

By approving this matter, we anticipate COGCC granting Hilcorp a state setback location exception waiver to Rule 603.a.(2).

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In addition, the COGCC is requesting your acknowledgement for the proposed **State 14-9-16CH** well to be drilled from Colorado State Mineral Lease #7873.3 in Sec. 9 T3N R62W (Parcel #121909000002) into Colorado State Mineral Lease #7972.4 in Sec. 16 T3N R62W (Parcel #121916000001) located in Weld County, Colorado for the purpose of producing minerals.

Your signature below will acknowledge your approval of these matters.

Please send a copy of all correspondence to Banko Petroleum Management, Inc. at 385 Inverness Parkway, Suite 420, Englewood, CO 80112-5849. Please contact Kimberly Rodell or Chris McRickard at 303-820-4480 or at kim@banko1.com or chris@banko1.com, respectively, if you have any questions.

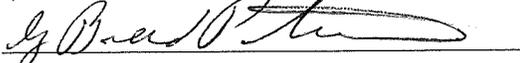
Sincerely,



Chris McRickard
Permit Agent for Hilcorp Energy Company

CFM:kjr

By signing below, you acknowledge the agreed upon surface location of the well location as staked.

Lost Creek Land and Cattle Co
Sign: 

Date: 6-7-2012

Mr. Brad Peterson – Representative for Lost Creek Land & Cattle Company