



OIL AND GAS LAND SERVICES
1750 Lafayette Street
Denver, CO 80218
303.279.0789
fabrianna@jameskaro.com

June 21, 2012

Colorado Oil and Gas Conservation Commission
Thom Kerr, Acting Director
1120 Lincoln Street
Ste. 801
Denver, CO 80203

RE: EXCEPTION LOCATION REQUEST
Esenjay Operating, Inc. Proposed Well: Jones 2-12-4-60
SHL: NENW, Section 2, Township 4 North, Range 60 West, 6th P.M.
BHL: NESW, Section 2, Township 4 North, Range 60 West, 6th P.M.
Morgan County, Colorado

Dear Mr. Kerr:

Enclosed for your review and approval, please find an Application for Permit to Drill the above-captioned well. Said well is to be directionally drilled to a total vertical depth of 6335 feet, sufficient to test the J Sand formation, targeting the D Sand formation.

This location is subject to Rule 318.a which requires a well deeper than 2500 feet to be no closer than 600 feet from a lease line. This location is approximately 282.29 feet from the lease line to the boundary to the North, creating an encroachment of approximately 317.71 feet.

Esenjay Operating, Inc., is proposing the subject well and has located the proposed well in this location due to geological and surface constraints. There are three affected leasehold and mineral owners to the north, all of whom have been notified of the encroachment and have approved of the location and authorized the encroachment. Copies of those waivers are attached.

We hereby request your approval in an effort to promote conservation and to protect and preserve the correlative rights of the parties. Please feel free to contact me with any additional questions or comments, and thank you in advance for your attention to and timely approval of this location.

Sincerely,

JAMES C KARO ASSOCIATES

A handwritten signature in blue ink, reading 'Fabrianna Venaducci', is written over the typed name.

Fabrianna D. Venaducci
Authorized Agent for Esenjay Operating, Inc.