

Letter of Exigent Circumstances
Chesnee #1, Section 7 Township 14 South, Range 44 West, 6th P.M.,
Cheyenne County, Colorado

From: Kuenzler & Flora Reserve Corporation

Re: Form 2 and 2A approval due to drilling schedule and rig move

To: Mr. Thom Kerr, Acting Director, Colorado Oil and Gas Conservation Commission

Date: 8/5/2011

Director Kerr,

Kuenzler & Flora Reserve Corporation respectfully requests expedited approval of the Forms 2 and 2A for the above captioned well. The Chesnee #1 well is located in Section 7 of Township 14 South, Range 44 West, 6th P.M., Cheyenne County, Colorado. Kuenzler & Flora has an approved permit one mile to the northeast in Section 5 of the same township for the Harley #1.

Per a Farmout agreement with Anadarko Petroleum Corporation drilling must commence prior to August 31st, 2012 on the permitted Harley #1 well. The rig is scheduled to move in August 15th to satisfy this requirement. Should the Forms 2 and 2A be approved for the Chesnee #1 in time, the rig could be moved the one mile and begin drilling immediately.

This would be the most efficient use of time and resources in our upcoming drilling plan for the area, and would in fact save approximately \$35,000 over alternate well scheduling. The Chesnee #1 well has a Surface Use Agreement in place with the landowners; said agreement does not require Department of Wildlife or Department of Health and Public Safety audits. Also, the Local Government Designee, Jerry Allen, has been contacted as to this issue.

Thank you for your time and consideration in this matter. Should you have any questions or concerns please contact me at the number or e-mail below.

Best regards,

Zane Kuenzler
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