



8400 EAST PRENTICE AVENUE  
SUITE 1000  
GREENWOOD VILLAGE, CO 80111  
(303) 220-0794  
(303) 220-0795 FAX

November 30, 2012

Matt Lepore, Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 800  
Denver, CO 80203

RE: Exception Location Request  
Pink Lady #1  
1505' FNL, 476' FWL, Section 31, 12S, 46W, 6th PM  
Cheyenne County, Colorado

Dear Mr. Lepore:

Pronghorn Operating LLC and its subsidiary Kuenzler & Flora Reserve Corporation (jointly herein "Pronghorn"), as leaseholder and operator of Section 31, Township 12 South, Range 45 West, 6<sup>th</sup> P.M. (herein "Section 31"), Cheyenne County, Colorado hereby files the attached request for a spacing exception of Rule 318 a. per the provisions in Rule 318 c.

#### Background

In early 2012 Pronghorn, re-entered the Red Lady 1-36 located in the NE/4 of Section 36. Pronghorn successfully completed the Red Lady 1-36 in the Shawnee formation beginning production in May of 2012 which has since been recognized as the discovery well in the "Lady Luck Field", COGCC Field # 52120.

Pronghorn has subsequently obtained seismic data covering multiple sections over the prospect area and our interpretation of the data suggests prospective drilling locations nearby the Red Lady discovery well. As such Pronghorn has staked and requests to permit the Pink Lady #1 (SWNW, Sec. 31, 12S, 45W, 6pm). The Pink Lady #1 is located 1505 ft FNL and 476 ft FWL and as such fall outside spacing requirements per Rule 318 a. stating a well greater than 2500 ft shall not be located within 600 ft from any lease line.

#### Spacing Exception Request

In accordance with the provisions of Rule 318 c. Pronghorn has received the attached Waivers from adjacent mineral Owner the Colorado State Land Board AND adjacent mineral Lessee Vecta Oil & Gas Ltd. consenting to the proposed location. Additionally, a

Communitization Agreement jointly protecting correlative rights of both the Colorado State Land Board, mineral owner of Sec 36 12S 46W 6th PM and Anadarko Petroleum Corporation, mineral owner of Sec 31 12S 45W 6th PM has been executed.

It is hereby requested the Colorado Oil and Gas Conservation Commission grant a Spacing Exception allowing the Pink Lady #1 to be permitted and drilled at the below location:

Pink Lady #1  
1505' FNL, 476' FWL, Section 31, 12S, 45W, 6th PM  
Cheyenne County, Colorado

Sincerely,

A handwritten signature in blue ink, appearing to read "Jacob Flora", is positioned above the printed name.

Jacob Flora  
Partner  
Pronghorn Operating, LLC