



Foundation Energy  
Attn: Neil Hutton  
505 "B" East 8<sup>th</sup> Avenue  
Yuma, CO 80759

VIA E-MAIL

Re: Exception Location Waiver Request  
McCall 33-09 1N46W  
2350 feet FSL and 2400 feet FEL  
of Section 9, Township 1 North,  
Range 46 West, 6th PM, NWSE/4  
Yuma County, Colorado

Dear Mr. Hutton,

Per COGCC rule 318c, we would like to request an exception location waiver for the drilling of the above referenced well. The proposed well falls under WLR Rule 318B, which does not allow a well to be less than 300 feet from the boundary of said quarter section. The proposed well (if successful) would fall approximately 252' south of the Northeast quarter section line and approximately 183' east of the Southwest quarter section line.

Due to a fault running through the Niobrara formation from the NESW/4, to the SWNE/4 Augustus Energy is unable to move this proposed well to a legal location due to the risk of drilling a sub economic well or dry hole.

Our Records show that SW/4 is pooled and that you are the Lease holder and Operator of the W/2 of the SW/4 of Section 9, Township 1 North, Range 46W of which this well would be encroaching. Augustus Energy Resources has a producing well in the NESW/4 of said section. We feel the existing wells operated by Foundation Energy, located in the West half of the SW/4, will not be jeopardized by the drilling of the proposed location due to their distance from the SE/4.

Please acknowledge your acceptance of this Exception Location Waiver by signing below.

If you have any questions or require additional information please do not hesitate to contact us.

Best Regards,

Augustus Energy Resources LLC

*Loni J. Davis*

Loni J. Davis  
Operations Accounting and Regulatory Specialist

*Joel Sauer, VP*

Neil Hutton

*6-12-14*

Date

Joel Sauer — Vice President

cc: AER Well File  
COGCC

Foundation Energy Management, LLC

36695 Hwy. 385 • P.O. Box 250 • Wray, CO 80758 • Phone: 970.332.3585 • Fax: 970.332.3587

\*Augustus will be sending Foundation Energy Combo log after  
McCall 33-09 well is Drilled per Loni Davis email DTD 6-12-14