

No Conditions of Approval resulted from  
the onsite inspection conducted June 15, 2006

S. LINDBLUM

7/22/06

Phone Log

Date	Time	Name	Representing	Number	Notes	COGCC
5/31/06	09:30	John Harmon	USGS	(406) 244-5490 X10	Do want to to more check. Mark Wilson is Noble landman (970) 397 4870 Mark, Peter	
5/31/06	09:30	Mark Wilson	<del>USGS</del> Noble	(970) 397-4870	Callum 3-9 09:10 <del>out</del> Jim's 10:10	
5/31/06	09:35	Robert Keller	Unknown	(303) 857 2236 (303) 601 9211 Call	Nothing against drilling. <del>to</del> one price Kearnsville in middle of pivot - would like to narrow cable handset fast to south Pawker & msn.com - Subpoenaable Tim, June 15 10am	
6/11/06	09:10	Mark Wilson	Noble	(970) 397 4870	Left msg to post cables	
6/30/06		Wilson			Noble Energy Production, Inc. 804 Grand Ave Platteville, CO 80651 Left msg to say that Parker told permitting folks to make that permit work be with someone, please call	
6/30	12:50	Wilson	Noble	(970) 397 4870	Left msg to call.	
6/30	1 pm	Robert Keller		(303) 601 9211	Information cable was reviewed to good. very good about of the str property corner location would not find fault with it? This is indication of approval <del>to</del> Meeting from the OI would be placed on the (PDI)	

Phone Log

Date	Time	Name	Representing	Number	Notes	COGCC
		JAN HATMAN	U.S. SUPERVISOR	406 294 5860 x101	Informed of onsite requests <del>(406) 294 5860</del>	
2/3	1315	Peter Keller	Landowner		USA has mineral rights. Disagreement about new drainage plot map. Has request to discontinue drill. Would like to see USA to drill on dry land would like location to be more open Our mineral rights nearby, some would or d. mentioned by drill. Landowner drill include. Meeting on site 2 weeks ago Joe King thought he heard about no drilling who planned. Mark Wilson / Peter Wilcher additional cost \$70K. Dates transferred to Feb. 13 <sup>th</sup> 24 <sup>th</sup> . 27-28	
2/3	1330	Mark Wilson	U.S. EA	303 886-8040	WJ msg.	
					Strike well in corner of Wilson. In upper part. Strong mineral meeting in Wilcox/King Keller. Shows a vessel adjacent to location and proximity to irrigation season. Took Took well #6 list, resumed for next 4 wks. Wilson suggests I call Jan Hatman re. former withdrawal of NPIS in 30 day window	

Hatman

Her supervisor would like to get the  
well permitted ASAP, appropriate for drilling  
done. I suggested that we should  
move ahead on onsite. There is  
part her sup. - wish to do a well with mineral

**Lindblom, Steven**

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**From:** Peter Keller [pswkeller@msn.com]  
**Sent:** Friday, June 09, 2006 5:43 AM  
**To:** Lindblom, Steven  
**Subject:** Re: Onsite Inspection

Steven My attorney Joe King will be attending. When you come out Well 43-9 has a white fence into it. This is on the south end of my farm, I will meet you there. Since we have not been getting water this year we will be able to drive out to the site. PSK

----- Original Message -----

**From:** Lindblom, Steven  
**To:** pswkeller@msn.com  
**Sent:** Wednesday, May 31, 2006 9:42 AM  
**Subject:** Onsite Inspection

Mr. Keller:

As we discussed on the phone today, I have scheduled the Onsite Inspection for the Keller 33-9 for Thursday June 15<sup>th</sup> ant 10:00 a.m. Please provide a list of people you will have attend.

Thanks,  
Steve

Steven R. Lindblom, P.G.  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, CO 80203  
Tel: (303) 894-2100 Ext. 114  
Fax: (303) 894-2109

06/12/2006

5/31/06

Mr. Barker

Peter and Sandra Keller have filed an Onsite Inspection request regarding the Keller 33-9 well and have requested that the Weld County local government designee be invited to attend. The well is located in the NWSE, Section 9, T1N R66W. The Inspection is scheduled for Thursday June 15 at 10:00 a.m. The address is 4461 Weld County Road 31 in Ft. Lupton.

If you have any questions, please give me a call.

Steve Lindblom

Steven R. Lindblom, P.G.  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, CO 80203  
Tel: (303) 894-2100 Ext. 114  
Fax: (303) 894-2109

---

LAW OFFICES

WHITE AND STEELE

PROFESSIONAL CORPORATION

21ST FLOOR

950 SEVENTEENTH STREET

DENVER, COLORADO 80202-2804

TELEPHONE (303) 298-2828

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Website: wstusole.com

February 2, 2006

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LUCAS LORENZ  
JOHN T. OSGOOD  
KIMBERLY F. WELLS  
BRETT M. WENDT

OF COUNSEL  
R. ERIC PETERSON  
STEPHEN K. GERDES  
STEPHEN R. HIGGINS  
DIANA L. TERRY  
JENNIFER C. FORSYTH

WYOMING OFFICE  
SUITE 300  
3120 CAREY AVENUE  
CHEYENNE, WY 82001  
(307) 773-4100

RETIRED  
WALTER A. STEELE

LOWELL WHITE  
(1897 - 1983)

TELECOPIER COVER MEMO

TO: Attention: Permit Supervisor  
Colorado Oil and Gas Conservation Commission

BUSINESS:

FAX: 303-894-2109

TELEPHONE:

FROM: Joseph R. King, Esq.

SUBJECT: Peter and Sandra Keller—Keller 33-9 Well

CLIENT/MATTER: 13538-70783

TOTAL NUMBER OF PAGES (including cover page): 5

ORIGINAL DOCUMENTS WILL:

- Follow by Regular Mail
- Follow by Federal Express
- Not be Sent

MESSAGE: Please see the attached letter of same date.

This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message solely to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

**Colorado Oil and Gas Conservaton Commission (COGCC)  
Onsite Inspection Request Form  
(Effective for APDs submitted after February 15, 2005)**

As the surface owner(s) where a proposed well is being drilled, I/we are requesting that the COGCC ~~conduct an onsite inspection. I/we did not execute a lease nor did I/we execute a surface use or other~~ relevant agreement for the proposed well. I/we understand that good faith consultation with the operator as required under COGCC Rule 306. is required to have occurred prior to making this request to the COGCC to conduct an onsite inspection, and that this onsite inspection request must be received by the COGCC within ten (10) business days of the first day of the Rule 306. consultation.

**Surface Owner Contact Information:**

Name: PETER AND SANDRA KELLER  
Address: 4461 WCR 31 FT Lupton Co 80621  
Telephone No. 303-857-2236  
Cell Phone No. 303 601 9211 - best

**Well Operator and Location Information:**

Operator: UNITED STATES EXPLORATION INC  
Well Name: KELLER 33-9  
Location: NW 1/4 SE 1/4 9 T1N - R 66W  
Quarter/Quarter Section Township Range  
County: WELD

First date Rule 306. consultation occurred: JANUARY 17 - 2006  
Date

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)  
1<sup>st</sup> date Feb 10 2<sup>nd</sup> date Feb 15

I would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection? yes  no

Briefly describe the unresolved issues related to the proposed well (The onsite inspection shall not address matters of surface owner compensation, property value diminution, future use of the property or any private party contractual issues between the operator and the surface owner.)  
See exhibit A attached

Signature(s) [Signature] Date 1/17/06

Please fax or first class mail this request for an onsite inspection to:

Colorado Oil and Gas Conservation Commission  
Attn: Permit Supervisor  
1120 Lincoln Street Suite 801  
Denver, CO 80203  
FAX (303) 894-2109

## LAW OFFICES

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February 2, 2006

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 WALTER A. STEELE

LOWELL WHITE  
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*Via Facsimile: 303-894-2109*

Colorado Oil and Gas Conservation Commission  
 Attention: Permit Supervisor  
 1120 Lincoln Street, Suite 801  
 Denver, CO 80203

RE: **Peter/Sandra Keller--Keller 33-9 Well**  
 Our File Number: 13538-70783

Dear Sir or Madam:

This firm represents Peter and Sandra Keller. The Kellers request for an onsite inspection is attached to this correspondence.

Mr. Keller met with a representative of United States Exploration, Inc., Mark Wilson, on January 18, 2006. Mr. Wilson responded on January 25, 2006, indicating that United States Exploration was not intending to move forward with any drilling on Mr. Keller's property associated with Keller 33-9 Well. Based on that representation, Mr. Keller did not send in the attached request for inspection form.

By correspondence dated January 31, 2006, received by this office on February 1, 2006, Mr. Wilson stated that the United States Exploration was planning to move forward with the drilling permit. Given this recent change in position, the Kellers submit the attached request for onsite inspection, notwithstanding the ten day time limitation. Given the change in position recently communicated by the United States Exploration, this request for an extension of time to file the request for an onsite inspection is made for good cause.

Colorado Oil and Gas Conservation Commission  
February 2, 2006  
Page 2

Please contact me if the Oil and Gas Conservation Commission has a problem moving forward with scheduling this onsite inspection.

Sincerely,



Joseph R. King

JRK/jrd

cc: Peter Keller

---

**EXHIBIT "A"**

The operator, United States Exploration; has not considered the Landowner's concerns regarding unreasonable crop loss or land damage.

**Colorado Oil and Gas Conservaton Commission (COGCC)  
Onsite Inspection Request Form  
(Effective for APDs submitted after February 15, 2005)**

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**Surface Owner Contact Information:**

Name: PETER & SANDRA KELLER  
Address: 4461 WICK 31 FORT HUNTER CO  
Telephone No. 303-857-2236  
Cell Phone No. 303-601-9211

**Well Operator and Location Information:**

Operator: UNITED STATE EXPLORATION  
Well Name: 33-9  
Location: T1N-R66W 9 E N10W SE 1/4  
Quarter/Quarter Section Township Range  
County: WELD

First date Rule 306. consultation occurred: Dec 9-2005 by Phone  
Date

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)

1<sup>st</sup> date Dec-21-22 2<sup>nd</sup> date JAN 2006 - 5<sup>th</sup> - 9<sup>th</sup> - 9<sup>th</sup>

I would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection?  yes  no

Briefly describe the unresolved issues related to the proposed well (The onsite inspection shall not address matters of surface owner compensation, property value diminution, future use of the property or any private party contractual issues between the operator and the surface owner.)

UNREASONABLE CROP AND LAND DAMAGE  
look at MITED PAGE

Signature(s) [Signature] Date 12/13/05

Please fax or first class mail this request for an onsite inspection to:

Colorado Oil and Gas Conservation Commission  
Attn: Permit Supervisor  
1120 Lincoln Street Suite 801  
Denver, CO 80203  
FAX (303) 894-2109

Lat 40.062043 4

Lon -104.775854

oper # 91255

December 13, 2005

To COGCC

I have a concern about the future oil well Keller 33-9. I have talked with UXP, they have suggested that I fill out the COGCC form and contact you.

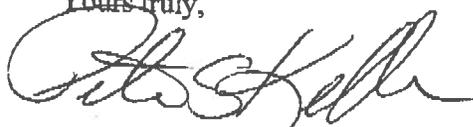
Our concern is that this NW1/4SE1/4 is in the middle of my alfalfa field with a pivot.

I would like the Well put in the SW or NW corner to avoid unreasonable crop and land damage.

I can meet any time except December 26<sup>th</sup> thru January 4. I can also meet January 5 thru 24<sup>th</sup> 2006.

Thank you for this opportunity to meet with the commission to see if we can solve this problem.

Yours truly,



Peter S Keller

Phone 303 857 2236

Cell 303 601 9211 best\*\*\*

**United States Exploration, Inc.**  
1500 Poly Drive, Suite 100  
Billings, MT 59102  
406-294-5990

December 5, 2005

Peter S. and Sandra W. Keller  
4461 WCR 31  
Ft. Lupton, CO 80621

Re: Survey Staking of the KELLER 33-9 Oil and Gas Well  
T1N-R66W-Section 9: NW $\frac{1}{4}$ SE $\frac{1}{4}$   
Weld County, Colorado

Dear Peter and Sandra,

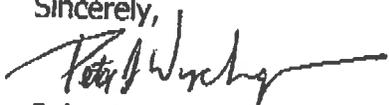
United States Exploration, Inc., (UXP) plans to drill the KELLER 33-9 well on the above referenced legal description. As part of the initial process, a surveyor will place a wooden stake in T1N-R66W-Section 9: NW $\frac{1}{4}$ SE $\frac{1}{4}$ .

UXP is willing to meet the surface owner or their representative anytime to discuss damages, access roads and where to place the production equipment, etc.

Enclosed you will find a copy of the Colorado Oil and Gas Conservation Commission's OIL AND GAS WELL NOTIFICATION, CONSULTATION AND RECLAMATION RULES brochure with Onsite Inspection Request form.

**Please call me at 720-320-4906 to schedule a meeting.**

Sincerely,



Peter J. Wychgram  
Agent for  
United States Exploration, Inc.

RECEIVED

DEC 14 05

COGCC

December 13, 2005

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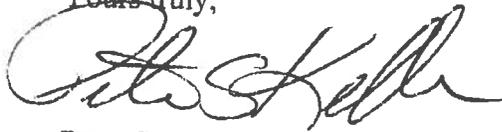
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Peter S Keller

Phone 303 857 2236

Cell 303 601 9211 best\*\*\*

*Copy of Report FAX - Dec - 13 - About 11:00*

---

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UNREASONABLE CROP AND LAND DAMAGE  
look at attach page

Signature(s) [Signature] Date 12/13/05

Please fax or first class mail this request for an onsite inspection to:  
 Colorado Oil and Gas Conservation Commission  
 Attn: Permit Supervisor  
 1120 Lincoln Street Suite 801  
 Denver, CO 80203  
 FAX (303) 894-2109

**United States Exploration, Inc.**

1500 Poly Drive, Suite 100

Billings, MT 59102

406-294-5990

December 5, 2005

Peter S. and Sandra W. Keller  
4461 WCR 31  
Ft. Lupton, CO 80621

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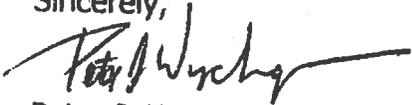
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**Please call me at 720-320-4906 to schedule a meeting.**

Sincerely,



Peter J. Wychgram

Agent for

United States Exploration, Inc.

1625 Broadway  
Suite 2000  
Denver, CO 80202

Tel: 303.389.3600  
Fax: 303.389.3680  
www.nobleenergyinc.com



**noble energy production, inc.**  
*a subsidiary of noble energy, inc.*

Operations Department

June 22, 2006

Mr. Steven Lindblom  
Colorado Oil & Gas Conservation Commission  
1120 Lincoln St. Suite 801  
Denver, CO 80203

Re: Keller 33-9 Drilling Location  
NWSE Section 9-1N-66W  
Surface Owner Location Concerns

Dear Mr. Lindblom:

In response to your memorandum dated June 16, 2006 regarding the subject Drilling Location, Noble's engineering and geologic staff has reviewed the ramifications of drilling wells at and from the location preferred by the Surface Owner, Mr. Pete Keller.

Our engineering analysis and evaluation indicates that the surface owner's preferred location at approximately the center of the S/2 of section 9-1N-66W is not feasible from both a technical and economic standpoint. It is the conclusion of the Technical staff that:

1. **Directional drilling is uneconomic in this area.** Economics for a vertical well are marginal at best. Directional drilling from the Mr. Keller's proposed surface location to the NWSE of section 9 will require an additional cost of approximately \$100,000 making the project economically unacceptable.
2. **A vertical well drilled at the Mr. Keller's preferred location has an increased risk of drainage and hydraulic fracture communication with an offsetting producer.** A location at the SW corner of Mr. Keller's property would put a vertical well approximately 1000' due east of the west offsetting Avey Leonard #1. Experience has shown that hydraulic fractures in the Jsand and Codell tend toward an east-west direction in this area of the Field and have actually communicated with other east or west offset producers. This typically results in greatly diminished production capabilities in both wells.

Should you wish to discuss this matter further, please contact me at (303) 228-4102.

Sincerely,

A handwritten signature in blue ink that reads 'Jeff D. Clampitt'.

Jeff D. Clampitt  
Asset Manager



DEPARTMENT OF NATURAL  
RESOURCES  
Bill Owens, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
www.oil-gas.state.co.us

## Memorandum

**To:** Keller 33-9 File  
**From:** Steven Lindblom – Onsite Inspection Specialist  
**CC:** Pete Keller  
Mark Wilson – Noble Energy  
David Dillon – COGCC  
**Date:** June 16, 2006  
**Re:** Keller Noble Onsite Inspection Keller 33-9

---

This Memorandum summarizes discussions and developments regarding Noble Energy well Keller 33-9 that occurred during the Keller Onsite Inspection in Section 9, Township 1N, Range 66W in Weld County between approximately 10:00 a.m. and 11:00 a.m. on June 15, 2006. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), Noble Energy (Noble), and the surface owner and his legal representative. A complete list of attendees and contact information is included with this Memorandum as Attachment 1.

After a brief overview of the onsite inspection policy, discussions focused on the proposed location of the Keller 33-9 well, concerns regarding the proposed location, and related issues.

### PROPOSED WELL LOCATION

Using an aerial photograph, Peter Wychgram and Mark Wilson with Noble described the proposed well location relative to the approved drilling window. The surveyed location of the well would place it in the southwest corner of the 400 foot by 400 foot drilling window in the northwest  $\frac{1}{4}$  of the southeast  $\frac{1}{4}$  (NWSE) of Section 9. A flow line would extend from the well to a tank battery located on the adjacent property to the south (SWSE Section 9). The access road to the well would follow the property line east to west from Weld County Road 31 and would, after drilling, be reclaimed to a simple two track road where it crossed Mr. Keller's alfalfa field.

Regarding drilling and production operations, Noble noted that they had agreed that drilling activities would be timed to accommodate crop issues. COGCC noted that after completion of drilling, Noble would be required to empty the pits and that the pits would be reclaimed with the native soils that had been segregated and stockpiled during preparation of the well site.

### CONCERNS

Mr. Keller expressed concern that drilling within the established window would interfere with his ability to irrigate and harvest hay and alfalfa, particularly if access to the well was necessary during the irrigation season. In addition, Mr. Keller stated that one of his goals was to maintain the integrity of the property over the long term such that placement of oil and gas facilities would not interfere with his ability to develop the property at some time in the future.



DEPARTMENT OF NATURAL  
RESOURCES  
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[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

Mr. Keller stated that placement of the well at any location within the drilling window would negatively affect his ability to perform agricultural activities and conduct future residential development. COGCC staff noted that the Commission was not authorized to require an operator to directionally drill or to utilize an exception location (i.e., drill outside the drilling window). COGCC staff explained that the drilling windows were set up in order to extract the mineral resource in as efficient manner as possible and that drilling outside the window, while in some cases preferable to the surface owner, could cause material injury to the owner of the subsurface minerals.

Mr. Keller proposed that a location outside the drilling window and outside his crop circle in the southwest corner of his property would have several advantages: it would allow placement of a tank battery adjacent to the well; would allow year-round access to the well, regardless of crop and irrigation conditions; and would enable placement of multiple wells from the same drilling pad, as provided for in the recent amendments to Rule 318.A Greater Wattenberg Area, without additional disruption to the surface owner. Noble noted that a location outside the drilling window and within 150 feet of the property line would require waivers from both adjacent mineral and property owners. Mr. Keller stated that he was confident he could find a location outside the crop circle that would be greater than 150 feet from any property line, thus eliminating the need to obtain waivers from adjacent property owners, although mineral interest waivers would still be required.

Mr. King noted that he had submitted a proposal for a surface use agreement to Noble that provided for well placement in the southwest corner of the Keller property. Discussions at this time also included the potential for a long-term surface use agreement that would allow placement of multiple wells in the same location through execution of a single agreement.

#### CONCLUSION

Mr. Wilson agreed to transmit Mr. Keller's offer regarding utilization of the southwest corner of the Keller property to Noble management. In addition, Mr. Wilson would consult with Noble geologists and engineers regarding the feasibility of drilling a vertical well in the property's southwest corner and, potentially, a directional well from the same location. Mr. Wilson agreed to transmit the geologic and engineering assessment to COGCC in advance of APD approval.



DEPARTMENT OF NATURAL  
RESOURCES  
Bill Owens, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

## Attachment I Attendees and Contact Information

Name	Representing	Telephone Number
Steven Lindblom	COGCC	(303) 894-2100 x 114
Pete Keller	Landowner	(303) 601-9211
Joe King	Landowner	(303) 296-2828
Mark Wilson	Noble	(970) 397-4870
Pete Wychgram	Noble	(720) 320-4906





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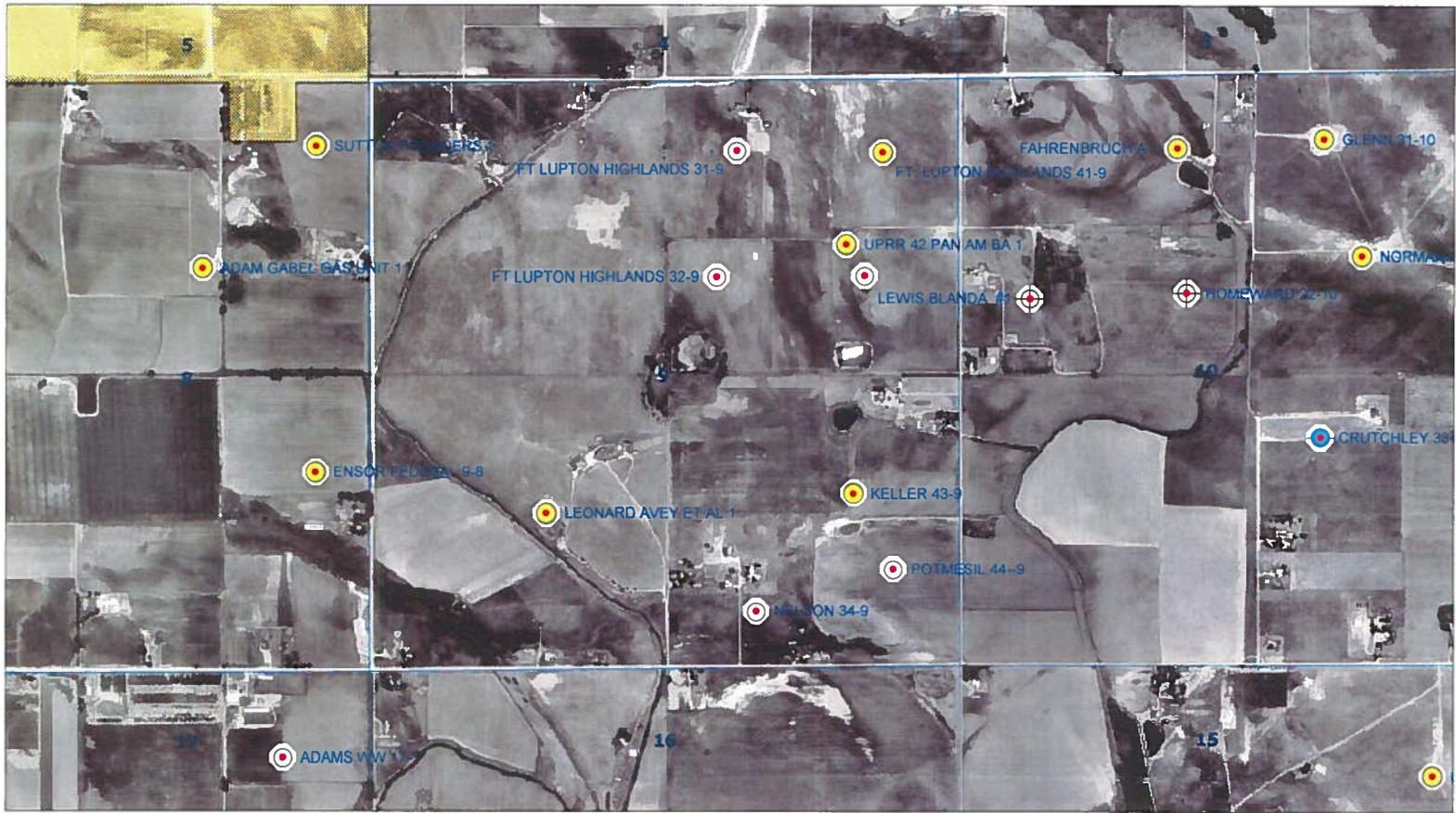
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**Image Provider** AirPhoto USA  
**Resolution** 4 Meter  
**Image Date** 8/1/2005

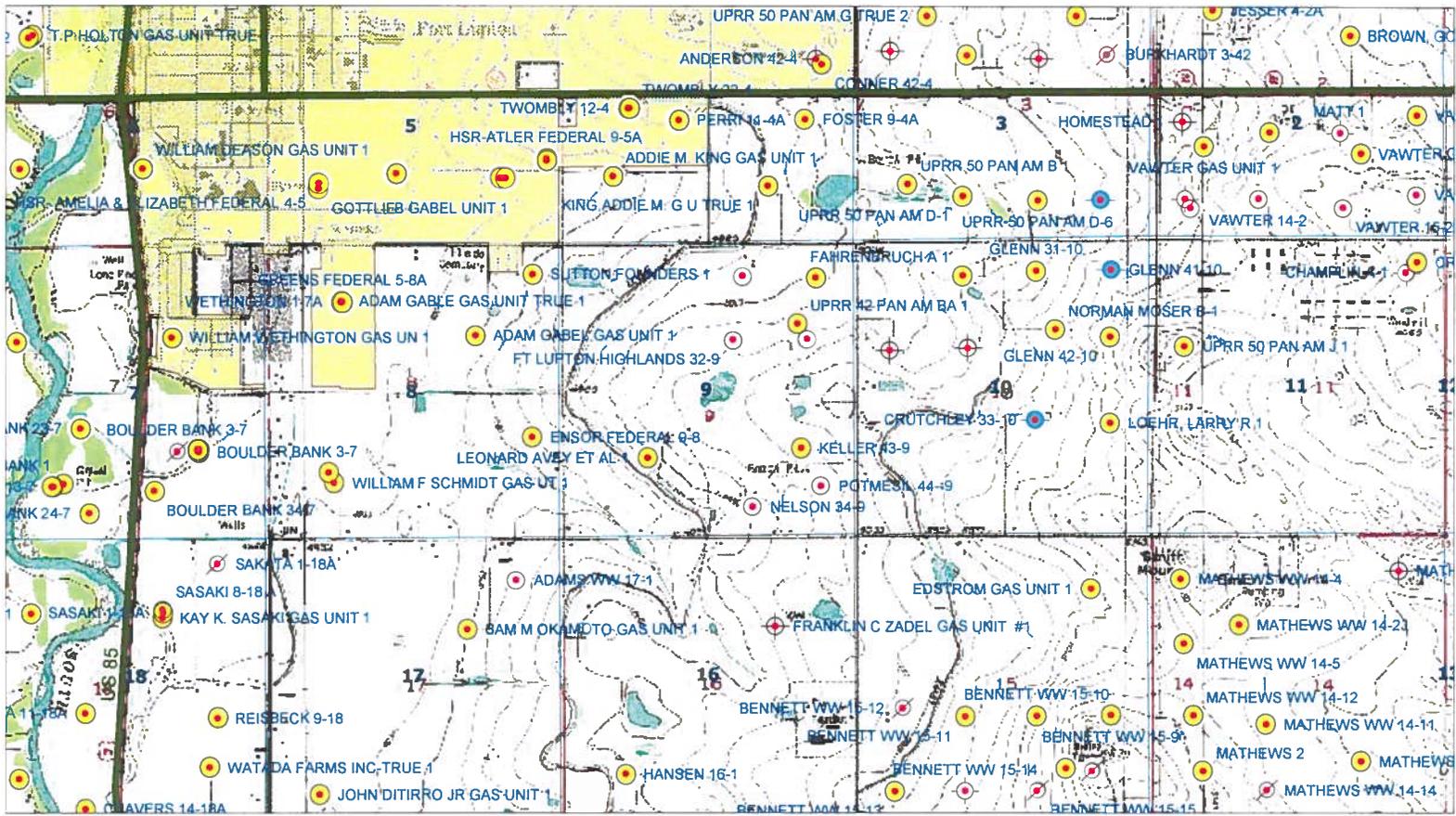


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**Image URL** [http://www.terraServer.com/imagery/image\\_gx.asp?cpx=-104.77476898&cpy=40.06132362&res=2&provider\\_id=305&OL=Off](http://www.terraServer.com/imagery/image_gx.asp?cpx=-104.77476898&cpy=40.06132362&res=2&provider_id=305&OL=Off)  
**Image Provider** AirPhoto USA  
**Resolution** 2 Meter  
**Image Date** 8/1/2005







FORM 2 Rev 12/05

State of Colorado Oil and Gas Conservation Commission



RECEIVED stamp with date 1998 JAN 27 05 and COGCC logo

- 1. [x] Drill, [ ] Deepen, [ ] Re-enter, [ ] Recomplete and Upset

2. TYPE OF WELL: OIL [ ] GAS [x] COALBED [ ] OTHER: [ ] SINGLE ZONE [ ] MULTIPLE ZONES [x] COMMINGLE ZONES [ ]

Refilling [ ] Sidetrack [ ]

Attachment Checklist table with columns for OP and COGCC, listing items like APD Orig & 1 Copy, Form 2A, Well location plat, etc.

3. Name of Operator: United States Exploration, Inc. 4. COGCC Operator Number: 91755
5. Address: 1500 Poly Drive, Suite 100
6. Contact Name: Jan Harmon Phone: (406) 294-5990 Fax: (406) 294-5992
7. Well Name: KELLER Well Number: 33-9
8. Unit Name (if appl): Unit Number:
9. Proposed Total Measured Depth: 8125'

10. Qtr: NWSE Sec: 9 Twp: 1N Rng: 66W Meridian: 6
Latitude: 40.06350N Longitude: 104.78044W
Footage At Surface: 1817' S 2147' E
11. Field Name: WATTENBERG Field Number: 90750
12. Ground Elevation: 5033' 13. County: WELD

14. GPS Data: Date of Measurement: 12-30-06 PDOP Reading: 1.7 Instrument Operator's Name: Brad Steil

15. If well is: [ ] Directional [ ] Horizontal (highly deviated), submit deviated drilling plan. Bottomhole Sec Twp Rng:
Footage At Top of Prod Zone: [ ] [ ] [ ] At Bottom Hole: [ ] [ ] [ ]

16. Is location in a high density area (Rule 603b)? [ ] Yes [x] No
17. Distance to the nearest building, public road, above ground utility or railroad: 200+
18. Distance to Nearest Property Line: 497' 19. Distance to nearest well permitted/completed in the same formation: 1186'

20. LEASE, SPACING AND POOLING INFORMATION table with columns: Objective Formation(s), Formation Code, Spacing Order Number (s), Unit Acreage Assigned to Well, Unit Configuration (N/2, SE/4, etc.)

21. Mineral Ownership: [x] Fee [ ] State [ ] Federal [ ] Indian
22. Surface Ownership: [x] Fee [ ] State [ ] Federal [ ] Indian
23. Is the Surface Owner also the Mineral Owner? [ ] Yes [x] No Surface Surety ID# 19980036
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? [ ] Yes [x] No
23b. If 23 is No: [ ] Surface Owners Agreement Attached or [ ] \$25,000 Blanket Surface Bond [ ] \$2,000 Surface Bond [ ] \$5,000 Surface Bond
24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer): E2, SEC. 9, T1N, R66W
25. Distance to Nearest Mineral Lease Line: 497' 26. Total Acres in Lease: 320

27. Is H2S anticipated? [ ] Yes [x] No If Yes, attach contingency plan.
28. Will salt sections be encountered during drilling? [ ] Yes [x] No
29. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling? [ ] Yes [x] No
30. If questions 27 or 28 are yes, is this location in a sensitive area (Rule 903)? [ ] Yes [x] No If 28, 29 or 30 are "Yes" a pit permit may be required.
31. Mud disposal: [x] Offsite [ ] Onsite
Method: [ ] Land Farming [x] Land Spreading [ ] Disposal Facility [ ] Other:

NOTE: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b.) If air/gas drilling, notify local fire officials.
Table with columns: String, Size of Hole, Size of Casing, Weight Per Foot, Setting Depth, Sacks Cement, Cement Bottom, Cement Top

32. BOP Equipment Type: [x] Annular Preventor [x] Double Ram [x] Rotating Head [ ] None
33. Comments Notification of On Site Inspection policy has been given to Surface Owner.

34. Initial Rule 306 Consultation took place on (date) 12-5-06, was waived, or is not required. Provide supporting documentation if consultation has been waived or if good faith effort did not result in consultation.
PERMIT SUBMITTED TO COGCC PRIOR TO COMPLIANCE WITH RULE 306 CONSULTATION SHALL BE RETURNED UNAPPROVED.
I hereby certify that a complete permit package has been sent to the applicable Local Government Designee(s), and all statements made in this form are, to the best of my knowledge, true, correct, and complete.
Signed: Jan Harmon Print Name: Jan Harmon
Title: Operations Administrator Date: 1-26-06 Email: jharmon@usexpl.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.
COGCC Approved: Director of COGCC Date:

Permit Number: 20060398 Expiration Date:

API NUMBER 05-

CONDITIONS OF APPROVAL, IF ANY:

1) Note surface casing setting depth change from 1050' to 1070'. Increase cement coverage accordingly and cement to surface. 2) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us 3) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Sussex to 200' above Sussex. Verify coverage with cement bond log.

