

KGH Operating Company

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Thomas M. Hauptman, President

October 26, 2015

Mr. Matt Lepore, Director
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

RE: Request for Exception Location Waiver
Rule 318.a
KGH Operating Company
Federal 15-16
NWNW Section 15, T1S-R104W
1154' FNL, 490' FWL
Rio Blanco County, Colorado
API# 05-103-09121-00
Form 2 Document Number 400884603

Dear Director Lepore,

KGH Operating Company requests approval for an Exception for the Federal 15-16 well, location referenced above. KGH is proposing to re-enter and deepen this well approximately 1200 feet to test Mancos B. The referenced well was originally named the Federal #16-15-1S-104, drilled and completed in 1984 by Coseka Resources to a total depth of 4560 feet. The well was completed in the Castlegate at a depth of 4220-4236 feet. The well was subsequently plugged and abandoned by Coastal Oil & Gas Corporation in September, 2000.

The location of the well to be re-entered does not meet the statewide spacing requirement (Rule 318.a) as the distance to the western edge of the lease is 490 feet, 110 feet from the 600 foot requirement. Topographic conditions prohibited the original well to be located within the requirements set forth in Rule 318.a.

KGH requests that an Exception Location be granted for the re-entry of this well.

Regards,



Thomas Hauptman
President
KGH Operating Company